FINANCIAL TIMES

No. 27,574 Friday June 2 1978 **15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.0; GERMANY DM2.0; ITALY L.500; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Ptas.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Steel's Lib-Con pact terms

Mr. David Steel, the Liberal leader, last night spelt out his party's conditions for entering a pact with the Conservatives should they form a minority government after the next election.

Mr. Steel's four "conditions" are: An end to the "confrontation mentality" regarding trades unions; retention of the National Enterprise, Scottish and Welsh Development boards; Assemblies in Scotland and Wales; protection for immigrants.

The tone of Mr. Steel's speech showed that he would be much less comfortable in an alliance with the Tories than he has been with Labour. Back Page

Guards 'should not be armed'

The British Security Association rejected suggestions that security guards should be armed after three raids in 24 hours. A guard was killed at the Daily Mirror building on Wednesday and there were two more armed raids yesterday, but the Association said that guards carrying guns would only encourage more criminals to do so.

No News at Ten

News at Ten failed to appear on ITV after the dismissal of two technicians during a dispute over World Cup coverage. Members of the men's union, the ACTT, which has been seeking special payments for the coverage, were called to a mandatory meeting which coincided with the World Cup opening ceremony.

West Germany and Poland drew 0-0 in the opening match of the tournament in Buenos Aires.

Iran-U.S. treaty

Iran and the U.S. are likely to agree a draft nuclear non-proliferation treaty in the next few weeks, clearing the way for the resumption of commercial talks providing Iran with up to eight nuclear power stations. Page 5

Car cost survey

The cost of running a new car in the UK is 16.46p per mile, a rise of 64 per cent compared with 1974, according to a survey by Hertz Car Leasing. Page 8

Dark blue movie

Police in Doncaster who hid a camera in the town's squash courts changing room after a number of thefts ran the resultant film and discovered a fellow officer running around naked, looking for his wallet. It had been stolen.

Rhodesia deaths

Combined Operations Headquarters in Salisbury announced that 46 blacks had died in the past few days of the worsening Rhodesian war—18 guerrillas, five guerrilla collaborators and three members of the security forces. Four members of Mr. Sithole's ZANU party are among 20 civilians who have been killed by guerrillas.

In Lusaka, British envoy Mr. John Graham arrived for private talks with Zambian officials about the Rhodesia situation. Page 5

Briefly . . .

Zaire's President Mobutu has reprieved the former general in charge of government forces in Kolwezi, who had been sentenced to death for "cowardice."

An RAF pilot is feared dead after his jet trainer crashed into Thornthwaite reservoir, Yorkshire.

Explosions rocked a Gulf Oil refinery near Toronto and it had to be evacuated. There were no casualties.

Two Britons, Mr. Don Cameron and Major Christopher Davey, will set out next month to become the first men to cross the Atlantic by balloon.

BUSINESS

Gilts drift; Bank supports £

● EQUITIES undertone was firm, in spite of gloomy economic forecasts and disappointing figures from BP, and the FT ordinary index, which was 2.3 up at 2 pm, closed only 0.6 off at 478.2.

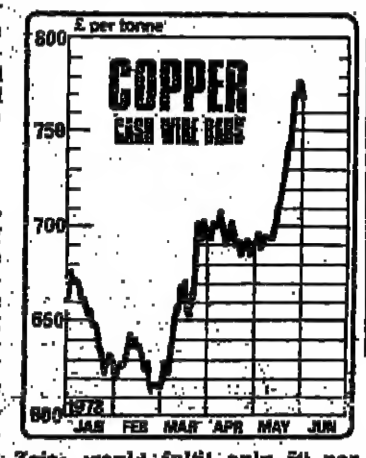
● GILTS drifted lower in a low volume of trade, and the Government Securities index closed 0.23 down at 69.90, its lowest in 1978.

● STERLING fell 65 points to $1.8265, but Bank of England support helped to keep the pound's trade-weighted index unchanged at 61.4. The dollar's depreciation widened to 5.72 per cent (5.62).

● GOLD fell $1 to $183¾ in London, and the New York Comex June settlement price was 30 points off at $184.

● WALL STREET closed 0.09 up at 840.70.

● COPPER fell £12.50 for cash wirebars to £761.25, its slide being stemmed by reports that



Zaire would fulfil only 50 per cent of its copper delivery contracts from July.

● U.S. FEDERAL RESERVE and Treasury support for the dollar continued at near-record levels in the three months February to April. Back Page

● FORD UK may receive almost £100m of Government aid towards the £180m investment needed to establish a new engine plant at Bridgend, South Wales. Back Page

● TOP salary earners have taken a steadily falling share of total personal incomes over the years between 1949 and the financial year 1975-76, according to Government statistics. Page 8

● LOW PAID Price Index, monitoring movements in the cost of living for lower paid workers, launched yesterday, shows that retail prices for the poorest 10 per cent of wage earners rose 4.6 per cent more than the average in the last four years. Page 8

● RUSKIN COLLEGE trade union research unit has attacked as inadequate and misleading a Department of Employment assessment advocating work-sharing as a way of reducing unemployment. Back Page

● TRESS ENGINEERING, which was taken over by the National Enterprise Board in January is to close, and its 330 employees at Newburn near Newcastle-upon-Tyne will lose their jobs. Page 7

● BSC has begun its drive to cut the number of its white-collar staff, with the announcement that its Gower Street office, central London, which employs 400 staff, is to close. Back Page

COMPANIES

● HONDA MOTOR has announced a 13.9 per cent increase in profits for the year to February 28 to a record Y27.49bn. The company has also said it is recalling 458,000 cars, over half exported to the U.S., for replacement of a gasket part. Page 32

● INVESTMENT TRUST Corporation's market value rose by more than £13m after the announcement of an approach by an unnamed bidder. Back Page and Lex.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Allied Colloids	80	+ 5
Avon Rubber	188	+ 6
Berkeley Hambro	110	+ 5
Capper-Neill	76	+ 5
De La Rue	340	+ 10
Granada	80	+ 4
Ever Ready	153	+ 5
Farnell Elect.	276	+ 8
Grovebell	28	+ 6
Hawthorn Leslie	74	+ 6
Heywood Williams	116	+ 6
Intereuropean Prop.	32½	+ 2½
Inv. Tst. Corp.	245	+ 42
Lehigh Interests	170	+ 8
McKay Secs.	220	+ 30
Normand Electrical	50	+ 4
Nova (Jersey)	50	+ 5
Ocean Wilsons	107	+ 7
Platos	89	+ 5
Samuel (H.)	280	+ 7
Siebe Gorman	194	+ 12
Spear & Jackson	136	+ 6
Trust Houses Forte	216	+ 5
Vosper	168	+ 6

FALLS

Beecham	657	− 5
Coalite & Chemical	75	− 4
Morgan Crucible	108	− 3
Reed Intl.	124	− 4
Thomson Org.	242	− 6
Whiteley (B. S. & W.)	36	− 4
Conzinc Riotinto	230	− 10
East Drie.	752	− 16
Metals Exploration	36	− 3
Mid-East Minerals	46	− 4
Northern Mining	105	− 20
Tanganyika Con.	166	− 5
Tasminex	75	− 5
Tronoh	210	− 5
West Rand Cons.	123	− 8
Whim Creek	60	− 5

UK steel missions to seek contracts during China tour

BY COLINA MacDOUGALL

Three UK missions will visit China in the autumn to tour steel works, make proposals for their modernisation, and discuss possible financial arrangements with the Chinese.

The missions were invited by Mr. Tang Ke, the Chinese Minister of Metallurgy. He ended a 17- day visit to Britain on Monday.

The invitation suggests that Britain is well in the running for substantial steel plant contracts from China.

Sir Charles Villiers, chairman of British Steel, and Sir John Buckley, chairman of Davy International, who both visited China last autumn, are likely to take part in the forthcoming visits, with Mr. Clem Jansen, managing director of GEC's electrical products division which specialises in steel mill electronics.

Mr. Tang Ke and his steel industry colleagues are continuing their European tour with visits to West Germany and France, but this is not seen as cause for alarm in Britain. The Chinese are evidently planning such large scale re-equipment of their industry that there will be room for a number of different suppliers.

Austria, which the Peking mission visited before it came to Britain, is likely to send a similar team to China. The Japanese have already contracted to build a 6m tonne steel plant on the coast near Shanghai.

When Sir Charles Villiers was in China last year he discussed with Chinese officials plans for providing new steel-making and rolling mills.

He returned from Peking optimistic about prospects for British steel equipment sales to China.

Mr. Tang Ke's recent mission to Britain resulted from an invitation from Sir Charles at that time.

Target

The Chinese toured steel plants in Scotland, Wales and the North of England. They were impressed by British Steel's success in modernising old plants, experience which is relevant to their own needs.

Chinese steel capacity is estimated at 30m tonnes a year. Planned output for 1985 is 60m tonnes. The target for the year 2000 is said to be 100m tonnes.

All Chinese crude steel-making facilities are at least 20 years old. Peking has clearly decided that only imported equipment can speed the growth of the industry enough to make the target a reality.

British Steel International, an offshoot of British Steel, is equipped to supply complete steel plant from the drawing board stage onwards, in collaboration with British plant makers, providing planning, construction technology, and expertise.

It has already supplied plant on this basis to Mexico and Venezuela.

Roy Hodson writes: The Chinese are anxious to produce a new national plan for the future expansion of their steel industry by the end of this year. That explains the degree of urgency in their current dealings with the British steel industry.

A first mission at technical level next September will spend about three weeks in China.

A second mission, composed of engineers, is due to follow in October to discuss how the British industry could best provide the new steelmaking capacity China needs.

The third mission of the series is being arranged to visit China as soon as possible after that. It will be composed of top management and will seek to conclude financial arrangements and to provide the Chinese Government with a series of package deals for incorporation in its steel plan.

Staff cuts plan, Back Page

£1.6bn Egypt telephone deal 'going to U.S.'

BY JOHN LLOYD

THE WORLD's largest telecommunications contract—to develop the Egyptian telephone network —is likely to go to a consortium of American companies.

The contract will be worth at least $3bn (£1.65bn) over the next five years, and could be worth $20bn over 20 years.

The consortium is the A T and T subsidiary of Western Electric, the world's biggest telecommunications manufacturer; General Telephone and Electronics Corporation, the second biggest manufacturer; and Continental Telephone Corporation, the telecommunications consultancy group.

For Western, the deal would provide the big breakthrough into the world telecommunications market it has been seeking for the past two years to make up for the fact that growth in the American market no longer matches its capacity.

Mr. Anwar Sadat, the Egyptian President, met top officials of the companies in Cairo this week to discuss their proposals for the telephone system.

Present were: Mr. John D. de Butts, chairman of AT and T; Mr. Charles L. Brown, president of AT and T; Mr. Donald E. Procknow, president of Western Electric; Mr. John J. Douglas, vice-chairman of GTE; and Mr. Charles Wohlstetter, chairman of Continental.

Their proposals were based on the recommendations of a report recently completed for the Egyptian Government by Continental, which calls for the immediate injection of $3bn into the notoriously erratic Egyptian telephone system.

Expansion

Stage one of the project would aim at making the present system—working at only 30 per cent efficiency—fully effective. The second stage, lasting up to five years, would concern the expansion of the system from its present total of 370,000 lines to 1m lines by 1982-83.

The study goes on to recommend that the system should be further expanded to a network of between 4m and 5m lines (6m to 7m telephones) over the next 20 years.

It is understood that the proposal discussed by President Sadat and the leaders of the consortium was for a contract covering the full 20 years.

The consortium would probably work with the domestic manufacturer, the Egyptian Telecommunications Organisation, on manufacture and installation of the equipment, upgrading ETO from electro-mechanical manufacture to the manufacture of fully electronic systems.

Western and GTE would jointly co-operate in production with ETO, as well as supplying American-built equipment. Continental would manage the system and train Egyptian staff.

In Cairo, it is being suggested that the telecommunications deal should be seen in the context of the U.S. Senate approval last month of the sale of 50 F-5E fighter-bombers to Egypt. It is said that because the deal is a *quid pro quo*, the contract will not go out to competitive tender.

Ericsson deal, Page 6

BP's net income falls to £80m

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH PETROLEUM'S net income fell to £80.6m. in the first three months of this year against £144.8m in the corresponding period last year.

This was partly due to a small loss from stock depreciation which contrasted with a substantial benefit from stock appreciation in the first three months of last year.

The company also felt the effects of general depressed trading conditions in the oil industry with sales proceeds falling from £3.6bn last year to £3.47bn.

Sales of both crude oil and natural gas were down on the corresponding three months of last year although the company's trade in chemicals products improved by 3 per cent.

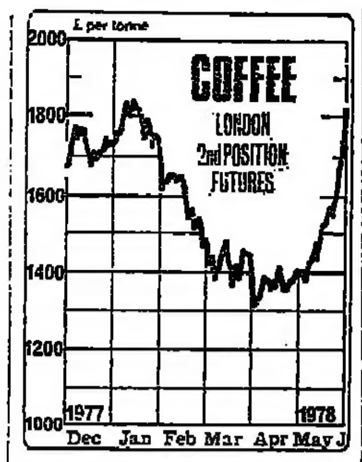
There was, however, a marked increase in income from the company's U.S. interests. Standard Oil of Ohio, in which BP now has a controlling stake, contributed £11m to the first three months' income while Trans-Alaska pipeline activities provided more than £20m.

The increased contributions from U.S. interests, together with some improvement in oil operations in most European countries, also accounted for a rise in net income when viewed against the results of the final three months of last year (£43.9m).

The improvement would have been more marked but for increased losses in France and lower proceeds from the company's North Sea crude oil operations.

BP is one of the main producers of North Sea crude and, as a result, has been among those which have been particularly hit by the falling value of UK oil.

Details, Page 24
Lex, Back Page



Frost sends up coffee prices

BY RICHARD MOONEY

FEARS OF a Brazilian crop disaster sent coffee prices soaring on the London futures market yesterday.

Values jumped by more than £100 a tonne at one stage—the biggest rise since last summer—after news that temperatures in the country's coffee-growing areas sank below 2 deg. C on Wednesday night.

Temperatures still were well below average during the day yesterday and there seemed a possibility of a damaging frost.

It is unlikely that a frost now would be as serious as the one in July 1975, which wiped out three-quarters of the 1976 crop and forced world prices up more than tenfold.

But, world stocks are seriously depleted and a relatively minor frost could have a big effect.

The Brazilian coffee areas have escaped frost since 1975, but production still has not recovered from that year's disaster.

Tree 'burn'

To make matters worse, the crop has suffered badly from drought this year leading to a cut of 2m bags—of 60 kg each —to 17m in the official production estimate.

Frost is the main anxiety of Brazil's coffee-growers, who normally produce about 30 per cent of the world crop.

It attacks the flowers which produce the following year's beans and, in severe cases, can "burn" the trees themselves so badly that they have to be replaced.

July delivery coffee on the London market rose to £1,845 a tonne at one stage yesterday before profit-taking trimmed this to £1,818.5 a tonne, up £75 at the close.

July coffee has gained nearly £270 a tonne during the last seven trading days and is standing at the highest level this year.

Rise in home loan rates looms larger

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

AN INCREASE in the mortgage rate next week seems more likely after talks between the building societies and the Government yesterday.

The societies will meet next week to decide whether to increase interest rates. They expected strong Government opposition at yesterday's session of the Joint Advisory Council to any move which would raise the cost of home loans in what could be an election year.

But they were surprised to find that officials from the Department of the Environment and the Treasury made no attempt to influence next week's meeting of the Council of the Building Societies' Association.

The association has already said that in the absence of political intervention societies would almost certainly go ahead with interest rate increases next week. The tone of yesterday's meeting is likely to have increased the chances of higher rates.

The investors' 5¼ per cent net rate and the 8½ per cent mortgage rate might rise about 1 per cent if societies do recommend changes.

A recommendation on whether to raise rates for the first time since October 1976 will be made next Thursday by the association's home policy committee and considered by the full 36-man council on Friday.

Government officials made it clear yesterday, however, that they would want to know the outcome of the Thursday meeting if it was of "potential Ministerial interest." In spite of yesterday's low-key approach the door has been left open for last-minute intervention. But it is known that some Ministers believe it would be best to get any mortgage rate increase out of the way before a possible election campaign started.

The societies are not unanimous about what action they should take. They are faced with declining receipts — this month they could be down to £150m compared with nearly £600m last October. There is little prospect of any substantial improvement in the inflow of funds with the present interest rate structure.

Advances for the next few months are likely to continue to run at more than £750m a month, reflecting earlier commitments.

Commitments for new house purchase are running at about £620m a month. The societies will need a higher level of new receipts to maintain this level.

It was made clear at yesterday's meeting that the controversial restrictions on lending will be phased out. They were introduced in April for three months after Government concern about rising house prices.

Editorial comment, Page 22
Lex, Back Page

U.S. protests over scale of Government backing

BY REGINALD DALE WASHINGTON, June 1

THE U.S. has made strong protests to the UK over Britain's role in securing a £115m contract for Rolls-Royce in the American market earlier this year.

At a meeting with Mr. Callaghan, Mr. Michael Blumenthal, the U.S. Treasury Secretary, today expressed "serious concern" at the scale of Government finance made available for the deal, in which Pan-Am bought 12 Lockheed 1011 Tri-Stars, equipped with Rolls-Royce RB-211 engines, in the face of stiff American competition.

The Americans have been angered by the decision of the Export Credits Guarantee Department to provide credit insurance cover for the Rolls-Royce engines and the U.S.-made airframes.

Mr. Blumenthal suggested to the Prime Minister that in future, there should be much greater inter-governmental co-operation to end the export credit war.

Mr. Callaghan, nevertheless, emerged from the talks heartened by progress in the other main area of discussion—preparations for the seven-nation Bonn economic summit in mid-July.

He is confident that the U.S. will try to contribute to a package deal of measures in Bonn to bolster world economic recovery.

The Prime Minister believes that the American administration has accepted the idea of arranging a package in Bonn, rather

Continued on Back Page
Editorial comment, Page 22

£ in New York

—	June 1	Previous
Spot	$1.8210-8220	[illegible]
1 month	0.40-0.34 dis	[illegible]
3 months	1.19-1.15 dis	[illegible]
12 months	5.25-5.00 dis	[illegible]

CONTENTS OF TO DAY'S ISSUE

FEATURES

FT REPORT

For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

HE POLISH ECONOMY

Industrialisation at a cost

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

HE COMMUNIST myth of an nnipotent and omnipresent arty is hard to maintain in country like Poland where the overnment cannot muster even he authority to raise the price f meat.

This is one of the major ilemmas facing the Polish egime at a time when seven ears of crash industrialisation, mbarked on shortly after Mr. Edward Gierek had replaced Mr. Vladislaw Gomulka as first ecretary of the Polish United Vorkers Party in 1970, has ndowed the country with an mpressive array of new facories, shipyards, mines and ousing estates—but also with ong queues outside empty butchers' shops. The queues to some extent are a backhanded compliment to the way real incomes have risen since the first of the Gierek five-year plans started in 1971.

It is possible to detect a wistful note as Poles describe those years of never had it so good. Poland even managed to do rather well out of the post-1973 energy crisis. The country had steadfastly stuck to coal throughout the period of cheap oil, so that the terms of trade moved in Poland's favour as the effect of higher international coal prices on export receipts outweighed the higher price for imported oil. Most oil imports came from the Soviet Union which delayed raising Comecon oil prices to world levels, so that to begin with the effect was enhanced.

The fate of the second Gierek five year plan period has been very different. A succession of poor harvests, exacerbated by heavy floods, forced Poland to step up imports of grain. The continuing recession in the West reduced export markets and led to lower prices than expected for Poland's principal raw material exports. Delays in the commissioning of new plant has led to supply bottlenecks and domestic energy shortages. One major consequence has been a significant increase of external debt which is now estimated to be in excess of $13bn.

What is probably of equal significance however is a detectable change in the national mood and the self-confidence of the regime itself. The honeymoon came to an abrupt end in June, 1976, when the Government announced a series of swingeing price increases for meat and other foodstuffs aimed at remedying a situation in which the Government was spending more on food subsidies than on the entire social services budget.

The Polish Government has emphasised industrialisation in its development plans. But there have been many problems along the way.

But the government was forced into a humiliating retreat as workers in the industrial town of Radom and at the Ursus tractor plant in the industrial suburbs of Warsaw took to the streets and Poland looked dangerously close to a repeat performance of the 1970 riots which toppled Mr. Gierek's predecessor. At the same time allegations of police brutality and the arrest of workers involved in the rioting led to the formation of new dissident groups pledged to the defence of workers' rights and greater respect for civil liberties and greater political freedom.

The riots heavily underlined the limits and restraints under which the Polish regime is constrained to operate. The reasons why it was not able to impose its will, do much to explain why Poland is such a problematic member of the Communist bloc.

Alone in Eastern Europe Poland has a large, independent peasantry and a powerful Catholic church. It is also a deeply nationalistic country which has traditionally tended to look West rather than East for its intellectual and spiritual values. Neither 30 years of Communist government since the liberation by the Red Army in 1944-45 nor the subsequent industrialisation appear to have changed these basic factors which limit the powers of Government and party and guarantee a degree of de factor pl- alism.

This is counterbalanced by the fact that Poland with a population of 35m is a strategically most important member of the Warsaw Pact and an integral member of Comecon. It depends on the Soviet Union for 80 per cent of its raw materials. Furthermore, while Poland has been busy taking up western credits, importing western machinery and seeking markets in the West through compensation and other trading agreements, it has also been increasing its trade with the Soviet Union and its degree of integration within Comecon.

Perhaps the most important symbol of the latter is the railway line now under construction from the Soviet Union to the new integrated steel mill being built with both western and Soviet machinery and credits at Huta Katowice in Upper Silesia. The line is being built to carry Soviet iron ore. The line uses the Soviet rail gauge throughout. This avoids expensive and wasteful trans-shipment of ore at the Polish-Soviet frontier. It is not lost on the Poles that it could also bring Soviet tanks into Poland's industrial heartland with the same speed and economy.

The desire to avoid any such eventuality is shared by the Government, the party, the Catholic Church, the dissidents—and one can confidently assume the Soviet Union. Poland has suffered invasion many times—and it has usually fought to defend itself. The wish to avoid a similar fate in the future is in many ways the most sobering factor in a country which has tended throughout its history to oscillate between a realistic and romantic assessment of its situation.

A shared belief in the desirability of keeping social and political tensions within manageable limits also underlies current relations between Church and state. Ever since the 1976 price riots Mr. Gierek has made valiant efforts to rebuild his damaged standing in the country by old fashioned barnstorming around factories and townships and by a determined effort to come to a modus vivendi with the church.

Mr. Gierek went to Rome last year for a highly publicised audience with the Pope. The church for its part, under the leadership of Cardinal Stefan Wyszynski, responded cautiously and in exchange for co-operation in reducing social tensions and combating serious social problems like alcoholism, demanded permission to build more churches, unimpeded rights to hold catechism classes, an end to atheistic propaganda, access to the media, and an end to discrimination against Catholics holding public office.

Both sides are aware that a delicate balance has to be struck. Mr. Gierek cannot afford to make too many concessions which offend against the ideas of his own party ideologies while the Cardinal who has cleverly turned attempts to suppress the Church to the Church's own advantage, is deeply aware of the dangers implicit in too close a relationship with the state.

Meanwhile the various dissident groups are activly working to enlarge the area of de facto pluralism within the Polish society. This does not yet extend to the formation of political parties, although a multi-party, parliamentary system appears to be among their long term aims, but involves the setting up of their own Samidzat Press, support for the idea of independent trade unions, and the reaction of "flying universities." The original "flying universities" were set up in Tsarist times to keep Polish culture and the idea of Polish nationhood alive when Poland was divided up among Prussia, Austria and Russia. Over the past 18 months or so students and intellectuals have revived this tradition by meeting in private flats to hear lectures on Polish history, culture and contemporary problems.

Mr. Edward Gierek

It is at least arguable, although also of course, heretical, to suggest that the Government would not have been taken aback so easily by the reaction to the price hikes in 1976 if it had had a more reliable means of gauging public opinion than its own party hierarchy and the official trade unions.

On all levels Poland appears to be involved in a delicate waiting game and balancing act. The Government is basically crossing its fingers and hoping that by 1980 the economy will be stronger, food supplies more regular, and export markets easier. Politically it is hoping that caution and a certain degree of mutual tolerance will head off any direct challenge to the party's role as leading political force in the country or any other act which could provoke Soviet intervention in the name of the Brezhnev doctrine.

As for the Soviet Union Mr. Brezhnev himself recognised the difficulties attached to "strengthening socialism on Polish soil" when he pinned the medal of the October Revolution on Mr. Gierek's chest in Moscow in April. President Carter demonstrated the U.S. Government's interest in Poland by his own visit at the start of the year and by the subsequent agreement to increase grain supplies on credit.

For a country which has always been delicately poised between great powers Poland's present position is not unfavourable, provided the realists take some inspiration from the romantics and the romantics remember that railwayline to Katowice.

Poland has trade surplus of $220m

By Christopher Bobinski

WARSAW, June 1.

POLISH foreign trade figures published for the first time for about a year, broken down country by country, show a 12.6 per cent drop in imports and a 10.4 per cent rise in exports during the first three months of this year compared to the same period last year.

This means that in the first three months of 1978 Polish trade has gone into credit to the tune of $220m against a total turnover of $5.82bn.

Poland also went into credit with her Comecon partners to the tune of $230m with imports dropping by 9.3 per cent and exports going up by 10.8 per cent.

Polish imports from the OECD countries dropped by 25 per cent and exports went up by 10.8 per cent.

Polish imports from the EEC countries dropped by 20.5 per cent and exports went up by 15.1 per cent.

Poland was in the first three months of this year still running a minimal deficit with the hard currency countries.

Polish financial sources estimate that the deficit by the end of the year will have reached around $1bn but the figures for the first three months are seen by Western diplomatic observers as evidence that the economy is able to give priority to improving the trade balance.

On the other hand, cuts in imports have contributed to raw material supplies shortages and subsequent stoppages in industrial production in the first two months of this year.

The figures show that in the three month period as compared to last year, Poland's oil imports dropped by 42,000 tons, natural gas imports by 69m cubic metres, iron ore imports by 297,000 tons and rolled steel imports by 137,000 tons.

A recent article in the weekly Polityka questioned the economic feasibility of cutting imports and raising exports by administrative order. This system it said is "rigid and doesn't take into account special cases."

Losses are also caused when cuts in imports are ordered as the yearly plan is being fulfilled rather than before it was fixed.

● Meat prices in Warsaw's commercial shops were raised today in a move which presages a plan by the authorities to raise meat prices generally.

French may seek U.S. links in electronics field

BY DAVID WHITE

PARIS, June 1.

FRANCE'S electronics industry is waiting for a move by the Government which will determine the future course of its vulnerable semi-conductor activities.

In contrast to the UK, where the National Enterprise Board is setting up its own company, France is expected to encourage links with at least one of the big U.S. concerns which dominate the sector.

In both cases, a restructuring is considered necessary in view of the heavy costs involved in developing integrated circuit technology, the size of operation required to reduce unit costs and the commercial challenge of competing with U.S. companies in their own markets and with the Japanese.

The French Government has already earmarked FFr 600m or about £70m for the semi-conductor industry. A third of this will go into the Thomson-CSF group, which last year bought control of a smaller semi-conductor manufacturer SSC and which specialises in linear circuits.

Another third is for Radiotechnique, a subsidiary of the Dutch Philips group, which specialises in rapid bipolar circuits for computers.

The remaining slice, so far undesignated, is for the development of the so-called Mos circuits which have a variety of applications, including motor-cars. It is in this area, in particular, that a U.S. or other foreign link-up is pending.

If the Government pursues this line, as indications to date suggest it will, then be taking the opposite course from the UK where as spanner has apparently been put in the works of GEC's approaches to possible U.S. partners.

France has all along stopped short of trying to go it alone in computer-related fields. When it set up a state computer company, CII, 12 years ago, after Machinebull was taken over by General Electric of the U.S. (GE's computer interests were later acquired by Honeywell), a pool arrangement was agreed with Philips and West Germany's Siemens.

When this agreement, Unidata, collapsed, CII was merged with Honeywell Bull to form a bi-national venture combining the advantage of French majority control and U.S. know-how.

Compagnie Generale de Electricite, the third French company involved alongside Thomson and Radiotechnique and itself an indirect shareholder in CII-Honeywell Bull, has joined other state and private interests to form a company specifically to look into the question of a U.S. acquisition. Its partners include Renault, the car company.

One solution being mentioned is the purchase of a blocking minority interest in Mostek, a U.S. company based on Mos circuit technology.

A further move might be the setting up of joint production facilities in a country such as Taiwan, one industry source has suggested.

Thomson-CSF has been talking on and off with Plessey of the UK since 1972 on the possibilities of joining forces in semi-conductors, but this plan seems to have fallen by the wayside with the NEB's announcement of its £30m to £50m new venture.

An agreement with Motorola of the U.S., with which it already has a parts exchange pact, is now much more on the cards.

Dutch poll confirms trend

BY CHARLES BATCHELOR

AMSTERDAM, June 1.

The Christian Democrats, the senior partner in Holland's two-party ruling coalition, made further gains in local elections yesterday. The junior coalition partner, the right-wing Liberals, did less well, however. For both parties the poll in 839 municipalities continued the trend established in provincial elections two months ago.

Labour the largest opposition party, was unable to maintain the small gains made in the provincial elections and saw its share of the vote fall slightly. In contrast with the general election in May last year, when many small parties sustained losses, the left-wing Democrats 66 party and the Communists made gains.

The outcome was in line with the latest opinion poll forecasts. Early signs of a high turn-out were not borne out, with many voters apparently preferring to enjoy the sunny weather.

EUROPEAN NEWS

Spanish bankers divided on new clean-up measures

BY ROBERT GRAHAM

MADRID, June 1.

SMUGGLING MONEY out of Spain is nothing new, and the practice has increased since the death of Franco. Until recently the authorities appeared to turn a blind eye, so much so that it has frequently been done with little subtlety, with the money transported in a briefcase to Zurich where there is a peseta market.

The sole inconvenience has been the size of the moneys, since the highest peseta domination is a bulky Pta 1,000 ($12.5). According to bank officials, Pta 1m in 1,000-peseta notes weighs 1.2 kilos.

It has therefore caused considerable interest and a measure of controversy that the authorities should choose to act now by charging three men with breach of exchange control regulations, particularly as one of them, Sr. Enrique Minarro Montoya, has been closely linked to one of the best-known banking families that prospered under Franco, the Cocas. He is a former senior Board member of the Banca Coca.

The banking community appears to be divided on the significance of these events. On the one hand, there are those who regard tough action as essential, and who welcome the prospect of the system being cleaned up. Others fear that there are political vendettas involved and that too many revelations will be deeply damaging.

News of the apprehension of the three men coincided with reports of Ministry of Finance officials investigating property deals carried out by companies in which Banca Coca is alleged to have an interest. This investigation is still continuing according to highly placed sources.

After refraining from comment for a week, Banca Coca last night issued a five-point statement denying any involvement in breach of exchange controls. The statement further said that the bank's silence had resulted from a desire not to comment while the various investigations were still in progress.

The bank also said that the various inspections being carried out on Banca Coca were solely designed to finalise its proposed merger with Banesto, currently the country's second largest bank.

These events have caused considerable confusion over the proposed Banesto-Coca merger, which if formalised would make the Banesto group once again the largest concentration of banking interests in Spain.

A senior Banesto spokesman has been quoted this week by the national newsagency, EFE, as saying: "We have not yet merged with Banca Coca. We are waiting to get to the bottom of this matter before we make a decision." The merger was hurriedly agreed last December when Banesto's chief rival, Banco Central, announced a merger with the medium sized Banco Iberico, controlled by the Fierro family.

Difficulties in assimilating Coca have already delayed the merger date even though the outlines of a merger agreement have been approved by the shareholders of both banks. Under these terms the Coca family would become the single largest shareholder in Banesto, with approximately 8 per cent of the equity, and Sr Ignacio Coca, the group's vice-chairman.

Senior bankers believe that the merger has passed the point of no return, but that present events could embarrass both banks. Sensing cracks in one of the chief remaining bastions of the Francoist power structure, the liberal Press here appears determined to ensure that this happens. The authorities for their part, whether it be the Finance Ministry pressing to introduce tighter control of taxes or the Bank of Spain, insisting that they are determined to clean up the system.

This attitude in turn has drawn bitter comment from the Right-wing Press. They have concentrated on highlighting the Bank of Spain's handling of the Banco Cantabrico which collapsed at the end of January in the wake of the demise of another bank, Banco de Navarra.

For some time, Cantabrico's chief executive, Sr. Alfredo Calle, who controls 62 per cent of the bank's equity, has been challenging the action of the Bank of Spain in taking over the bank.

Initially the Bank of Spain bought Cantabrico for a nominal price and then, once it had formed a "bank hospital"—the Corporacion Bancaria—with the rest of the Spanish banking community on a 50/50 basis, transferred Cantabrico for a similar nominal sum to the latter. Sr. Calle claimed the takeover was illegal and the nominal price unfair.

This week the parties involved failed to reach an out-of-court settlement on the matter. Sr. Calle promptly announced he was preferring criminal charges against certain senior Bank of Spain officials for alleged misconduct in handling the Cantabrico takeover.

Although the Bank of Spain has received no formal notification of such actions, senior officials in private hotly deny any suggestion of misconduct. Indeed, they point to criminal charges lodged with the judicial authorities on May 18 against Sr. Calle for fraudulent management of Banco Cantabrico.

Portugal to establish procedure for settling indemnities

BY JIMMY BURNS

LISBON, June 1.

THE PORTUGUESE Government is expected within the next few days to issue instructions regulating the Indemnity Law, in an attempt to attract much-needed foreign capital, as well as stimulate the Portuguese private sector.

This was suggested during an interview today by Dr. Alexandre Vaz Pinto, chairman of the Portuguese Investment Institute, which acts as an official mouthpiece for the Government on matters related to foreign investment.

He told the Financial Times that the Government would next week go beyond what until now have been only verbal assurances that the problem of indemnities would be settled.

He said the Cabinet was preparing to issue "forms through which those affected could apply for the payment of the indemnities."

The establishment of an efficient procedure for compensating private companies and firms (foreign and national) that were nationalised or expropriated following the downfall of the Caetano regime on April 25, 1974, has long been accepted here as a necessary measure to re-establish business confidence in Portugal.

Since the ruling alliance of Socialists and Christian Democrats took office in January, several Government spokesmen, whose subjects were affected by nationalisation, have made direct approaches to the authorities on the subject.

The view of the British Government was stated earlier this year in no uncertain terms by Lord Moran, the British Ambassador to Portugal. His main reference was to the British farmers whose property was seized during the Communist-sponsored land reform in 1975.

To date, with one exception, none of the foreign farmers have received compensation or restitution.

A firmer policy on the question of indemnities is thought to have been decided upon by the Government at a meeting on Tuesday, where the more conservative Christian Democrat (CDS) members of the Cabinet are said to have been particularly persuasive in their arguments for a more practical stand on the matter.

● Sr Edmundo Pedro, a member of Prime Minister Mario Soares's Socialist Party's national secretariat, and chairman of the national television network, was today freed pending committal for trial on July 19. Sr Pedro was arrested in January charged with possession and transportation of illegal weapons.

Two activists released by Czech police

By Paul Lendvai

PRAGUE, June 1

THE CZECHOSLOVAK police began releasing today some of the human rights activists who had been taken into custody at dawn on Tuesday, a few hours before the arrival of Mr. Leonid Brezhnev, the Soviet President. According to the latest, but still incomplete, information, at least 25 people were seized by the police in simultaneous raids. So far, however, only the release of Mr. Pavel Landovski, a prominent actor, and Mr. L. Borovski, a journalist, has been confirmed.

Those detained include Mr Ladislav Hejdanek, one of the three principle speakers of the Charter 77 movement, Mr. Vaclav Havel, the internationally known playwright, a number of former prominent journalists and scientists, and a priest and five pop musicians harassed earlier by the police.

Meanwhile, Mr. Brezhnev was today in Bratislavia, the capital of Slovakia.

THE NATO SUMMIT

Schmidt praise for Carter

BY ADRIAN DICKS

BONN, June 1.

CHANCELLOR HELMUT SCHMIDT, reporting to the Bundestag today his satisfaction at the outcome of the Washington NATO conference, went out of his way to emphasise the success of his own personal contacts with President Jimmy Carter.

In a formal speech on the NATO meeting and on his visit to the United Nations' disarmament debate, he said that the alliance had shown fresh proof of its ability and will to contribute towards the maintenance of peace on the basis of a balance of forces. He paid tribute to the reaffirmation by Mr. Carter of the American commitment.

Six weeks before Western heads of government gather for the world economic summit meeting here, however, Herr Schmidt also stressed that his talks with Mr. Carter had "made unmistakably clear that we and the American Government agree not only in all major political questions but to a great extent in the details too."

The atmosphere and content of his talks, said Herr Schmidt, "have again strengthened the solid partnership and close friendship between the two governments." He had given the President an account of the recent visit here of President Leonid Brezhnev, and had heard from Mr. Carter the current state of the strategic arms limitation talks.

Herr Schmidt added that the U.S. President had also shown "great understanding" for European—and in particular West German—concern that current East-West disarmament initiatives should deal with the problem of medium-range nuclear weapons.

Mr. Carter had promised, the Chancellor said, that be would make further efforts to steer the transatlantic "dialogue" on NATO equipment into a "concrete direction" as part of the long-term defence programme agreed upon in Washington.

Herr Schmidt also told the Bundestag that NATO heads of government reaffirmed their determination to co-operate in stamping out the "international scourge" of terrorism.

Making his first comment on the series of developments that have once again brought terrorism to the forefront of the West German domestic political scene, Herr Schmidt said he had been "scandalised" at the escape last week-end of the alleged terrorist Till Meyer from a remand prison in West Berlin.

Herr Schmidt publicly thanked the Yugoslav authorities for their help in apprehending the four wanted West German terrorist suspects whose presence in Yugoslav police custody was first revealed on Monday.

It became known last night that Herr Hans-Juergen Wischnewski, the Chancellor's personal trouble-shooter, had paid a visit to Belgrade after the four Germans were held, but before their capture was announced. According to news reports, however, he did not succeed in having them extradited without the politically complex "deal" that appears to have been done with the Yugoslavs. Although both Governments reject the suggestion that a swap has been arranged, this involves West Germany's handing over several of the anti-Titoist Ustachi extremists held in Germany for a series of violent attacks on Yugoslav diplomats and premises going back several years.

USSR 'aiming at 4% growth'

BY LESLIE COLITT

BERLIN, June 1.

THE SOVIET economy, whose output grew only 3.5 per cent last year, largely because of poor agricultural output (up 3 per cent compared with the planned 7.6 per cent), is aiming at a 4 per cent growth rate this year.

Achieving this target will depend on outstanding Soviet crop production, according to an analysis of the Soviet economy issued by the German Institute of Economic Research in West Berlin.

The Institute notes that the Soviet target figures for this year's plan show that industrial production is to increase 4.5 per cent, or slower than in the past two years. Both capital goods and consumer goods sectors are affected.

However, agriculture is supposed to expand by 8.8 per cent, which the report says is a "goal which can only be achieved by a record grain harvest." It notes that agricultural investments are to grow by 2 per cent, less than average.

Spending on construction is to increase by 6 per cent, and spending on transport 5.5 per cent, which, the analysis says, means that, by contrast to 1977, growth is not to be concentrated on industry. The Institute notes that these sectors are the traditional "problem children" of the Soviet economy.

The German Institute's study says that in the past year, Soviet industry grew by 6 per cent, compared with 5 per cent in 1976. However, Soviet agriculture pulled down the overall growth rate by expanding only 3 per cent, compared with the 7.6 per cent target figure for 1977. The Soviet grain harvest of 196m tonnes was down from the record 1976 harvest of 224m tonnes and below the average yearly target for the current Five Year Plan of 215-220m tonnes.

The analysis notes that last year's growth of 3 per cent in gross capital investment in the Soviet Union was 0.6 per cent below target, and under the 4.5 per cent average annual investment rate stipulated under the Soviet Five Year Plan. Agricultural investments expanded by only 2.5 per cent, compared with 4 per cent in 1976, and 9 per cent in 1975.

Soviet meat consumption increased by 1 per cent last year, to 55 kilos per capita, compared with 80 kilos per head in East Germany and Czechoslovakia. Egg production rose by 11 per cent and potatoes and vegetables were up 7 per cent.

The increase in industrial labour productivity, as measured by gross output per worker, was 4 per cent, as against the 5 per cent target figure. The analysis notes that improved productivity was essential for achieving the targets of the Five Year Plan, which ends in 1980.

Standing up to Moscow

BY REGINALD DALE IN WASHINGTON

THE U.S. Administration is showing considerable public satisfaction with the outcome of this week's NATO summit. In inviting his colleagues to Washington 12 months ago, President Carter made it clear that he wanted this year's spring meeting to provide the platform for a major relaunching of the alliance both *militarily* and *politically*. He seems happy with the results.

Concluding statements at international meetings almost invariably stress how *positive* and constructive the talks have been. Mr. Carter's verdict was, characteristically, far more fulsome than convention requires. The meeting, he believed, had been "the most comprehensive, productive and candid ever." He felt, he said, "much better" about NATO.

Of course, the alliance has not solved all its problems. The past few days here have shown considerable confusion over how the West should respond to Soviet and Cuban intervention in Africa, and there is no sign of an end to the problems for the alliance's southern flank caused by the Greek-Turkish dispute and the U.S. arms embargo on Ankara. But the past two days have demonstrated an overall stiffening in the alliance's resolve to stand up to the Soviet Union.

The main vehicle for translating this resolve into action is to be the new 15-year long-term defence programme, now formally endorsed by the Heads of Government. The allies have reacted with unusual zeal to the U.S. appeal for a 3 per cent annual increase in defence spending in real terms, and last night Mr. Harold Brown, the U.S. Defence Secretary, confessed that the full extent of the allied response had come as a surprise to him. The 3 per cent increase will not match the pace at which the Soviet Union is increasing its military spending, which is nearer 5 per cent a year. But the aim is to make the money go further by making serious efforts to avoid duplication through joint planning at alliance level.

If the allies are finally taking action after years spent mainly deploring the Soviet build-up, it is largely because the realisation has sunk in that Moscow is not going to change course. After one of the most comprehensive studies of East-West relations ever conducted, western governments are now fully convinced that the Soviet build-up will continue, regardless of the economic and social problems it may provoke. Mr. Brown's analysis is that the Warsaw Pact will now concentrate on improving its weapons rather than increasing the size of its forces, and NATO has chosen to follow broadly the same path.

There is, at the same time, a *growing awareness on the NATO* side that it would be wrong to concentrate too exclusively on the military build-up in Europe. In the words of General Alexander Haig, the Supreme Allied Commander Europe: "Yesterday's necessary preoccupation with force balances in the central region of Europe can become today's deluction." In an article soon to appear in the NATO Review, he argues that Soviet military power has been fundamentally transformed over the past decade.

Soviet power is now global in scope and offensive in character, General Haig maintains. "And if Soviet military capabilities are no longer limited in geography to the confines of Eurasia, neither are they limited in application to a classic overt seizure of Western territory. Rather, the threat has become more subtle, to encompass a variety of intimidations, interferences, and interventions derived from the fundamental fact of global Soviet military capabilities."

General Haig does not believe the West's task to be impossible. Indeed, he believes that the Soviet Union, in spite of its military might, suffers severe limitations. These he lists as: failure to marshal resources for the benefit of its society; failure to capitalise on the potential productivity of vast agricultural areas; failure to adapt its economic institutions to the efficient absorption of new technologies; and failure to cultivate and harness the imagination and dynamism of its own people. "Confronting potential labour shortages, a possible energy crisis and simmering social unrest, the Soviet Union faces significant problems of its own," he concludes.

Yet as Africa has shown, the West is still undecided over what it can or should do to counter the new wave of worldwide Soviet expansionism. The East-West study approved by the summit suggested a possible scenario for the years ahead. Slower Soviet economic growth, combined with a continuing high level of arms spending, according to the study, are likely to exacerbate the Soviet Union's problems to a point at which it will need massive economic help from the West. This would give the West leverage to insist on a cutback in the Soviet military build-up and a general curtailment of "provocative activities." It is hard, however, to envisage Moscow accepting Western aid if that were the price. It is almost as difficult to imagine the West applying such a policy in a concerted manner.

Whether or not such a policy can succeed, it can only be attempted, in the study's analysis, from a basis of continuing military strength. Here, the launching of the long-term defence programme is only a beginning. Most people in Washington this week are fully conscious that statements of good intention are no use without practical follow-up. As Mr. Brown points out: "If we stop here and lose momentum, we will have to climb the same hill all over again."

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $200.00 (air freight) $360.00 (air mail) per annum. Second class postage paid at New York, N.Y.

AMERICAN NEWS

Doubts, drugs and denials

BY SARITA KENDALL IN BOGOTA

FOR THE first time in 20 years there is some doubt who will be Colombia's next president. The Liberals are the majority party and their candidate, Sr Julio Cesar Turbay Ayala, has a tight hold on the electoral machinery, but the Conservative candidate, Sr Belisario Betancur, has been picking up support from dissatisfied splinter groups.

Most people still believe that Sr Turbay will win the election on Sunday, but the number of abstentions is a major unknown: the rate has varied between 48 and 68 per cent in recent years, and few commentators are prepared to estimate how many of the country's 12.6m electorate will vote. As the last stage of the National Front Liberal-Conservative power sharing agreement expires this year, the next president is no longer bound to share out political appointments equally between the two parties—an advantage which will add considerably to his power.

But those outside the National Front argue that it makes little difference who wins, because both candidates, they say, can be expected to remain loyal to the ruling elite.

In the 1946 presidential election, a split Liberal vote allowed the Conservatives to take over, and led to a long and bloody civil war. Memories of the "violence" still are a strong political force. Hence, Liberal voters will be loth to forsake their party, even though the candidate is controversial, but some at least will be switching to Sr Betancur.

Only the outcome will show how much damage has been done to Sr Turbay's reputation by *suggestions of his involvement in* cocaine trafficking included in a U.S. television documentary in April which drew on a report produced by the White House narcotics adviser, Dr. Peter Bourne. The U.S. Ambassador to Colombia immediately published a letter calling the accusation incomprehensible and absurd, and pointing out that the U.S. Government had no evidence to support such a charge. The church, the industrial groups and even the Conservative candidate joined in defence of Sr Turbay, who has denied the allegations.

A Liberal party businessman commented that standards in Columbia have declined so much that an association with drug trafficking would not necessarily *be a disadvantage.* Liberals and Conservatives have openly accused each other of using drug money to finance electoral campaigns for Congress.

President Alfonso Lopez Michelsen has always claimed that drug smuggling is essentially a U.S. problem, and he commented in the television documentary interview that "we are not corrupting the Americans. The Americans are corrupting us."

A spectacular raid in late April resulted *in the seizure of more* than 600 tons of marijuana stored in warehouses on the Caribbean coast, earning President Lopez a congratulatory message from the White House. But this quantity represents only a small proportion of the estimated $1bn a *year which the country earns* from marijuano and cocaine trafficking.

The authorities resent what they see as an indirect attack on one of the few Latin American democracies, so close to the elections. But Colombia's *democratic pretentions* are widely ridiculed by the unions, the peasant, and Indian associations, and the opposition political parties. Even an official of the Conservative trades' union federation called the country "a caricature of democracy" last *week. Given such widespread* criticism of the administration, it is surprising that the non-traditonal parties cannot draw the votes of discontented voters. Normally split into numerous factions, the Left has regrouped into three coalitions for the *elections—fielding virtually* unknown candidates, who, despite their constant attacks on the "system," call for support within it.

General Alvaro Valencia Tovar, leading the National Renovation Movement in an anti-corruption *campaign, has the dubious* advantage of being remembered for his prowess in fighting Colombia's rural guerrilla movements, and his candidacy has suffered from the "fascist" label pinned on it by Bogota's leading Liberal daily.

"I've never voted for anyone. I should vote only if someone paid me, whoever it was," a Bogota shanty dweller said. Though votes were reportedly bought for as much as a week's wages in the congressional elections in February. President Lopez has called for a clamp down on all forms of vote trafficking. Both Liberals and Conservatives are, naturally, predicting their own overwhelming victory, but both are also preparing for the possibility of defeat by claiming that their opponents are resorting to fraud.

Index of leading economic indicators rises 0.5%

BY DAVID BELL

WASHINGTON, June 1.

THE CARTER Administration, which is currently pre-occupied with inflation, received some comfort today when the Commerce Department reported the index of leading economic indi*cators rose 0.5 per cent* according to preliminary figures in April.

The index, which groups together a series of statistics in an effort to predict the future course of the economy, is being watched closely for signs that the *economy is rebounding* after a difficult winter.

More complete figures for March—which had been expected to show an increase in the index —instead show that it fell—by 0.1 per cent during that month, a rather worse showing than some analysts had been expecting.

Today's figures, which could be revised upwards in the light of more data, appear to indicate the economy is on the rebound. The idex owes most of its improvement to gains in four of the most important indicators — manufatcuring, housing, the stock market and the money balance in new dollars.

The four that fell—contracts for new plant and equipment, prices that are sensitive to demand, total liquid assets and shipment of ordered goods—can be expected to show some improvement in the months ahead as the economy picks up again.

Most analysts expect the index to continue to be encouraging in the immediate future.

But if there is optimism about the pace of the economy in the next few months, there is less about its continuing health through the winter and into next spring. For example the Senate Banking Committee today issued a report that is sharply critical of the current tight money polices of the Federal Reserve.

The Commitee said that the Fed's restrictive money policy "may lead to slower growth in production and employment in the rest of the year." It said that the Administration should combine an attempt to reduce still further the size of the budget deficit with a somewhat looser monetary policy.

In particular, the current high level of short-term interest rates was increasing the risk that investors would take their money out of savings and loans and opt for shorter-term federal bills and notes, the Committee said.

Mr. William Miller, chairman of the Fed, is well aware of these criticisms, but he has argued publicly and privately that until the Administration moves to cut the deficit and to reduce inflation, it must fall to the Fed to do what it can to reduce the recent sharp rise in prices.

But he has been sending somewhat conflicting signals. Last month, in a private session of the Business Council, Mr. Miller appeared to be indicating a reduction in interest rates, or at least a less restrictive monetary policy, because the President had accepted the need to cut the federal budget deficit.

But within days, the Fed had again pushed up the federal funds rate, the nation's short-term basic interest rate, reacting, as in the past, to another bulge in the money supply figures.

The Administration has not approved of the speed with which Mr. Miller has tightened interest rates. But it has been loth to *argue in public with him because* he has earned considerable support for his policy within the business community and because he is still new to the job.

Steel heads wary of price plan

BY DAVID LASCELLES

NEW YORK, June 1.

THE U.S. steel industry, just recovering from a bitter struggle against cheap imports, appears increasingly unwilling to go along with President Carter's voluntary *anti-inflation* campaign. Instead the major companies may push for price rises on the grounds that they are a special case, and this could seriously undermine the Administration's drive to restrain inflation through the voluntary cooperation of industry.

A poll of six major steel companies by the U.S. Press this week shows that no top executive *would commit himself to* the President's price declaration programme, which would limit total steel price increases this year to the 8.5 per cent average of the past two years.

They all appeared to share the views of Mr. Edgar Speer, chairman of U.S. Steel, the country's largest steelmaker, who said last week that he did not feel "bound" by the *President's call to* decelerate price rises even though he totally supported efforts to hold down prices.

Any further price rises this year would be in addition to the two already announced, one of 5.5 per cent in February and another of just over 1 per cent in April. The second coincided with a further surge in inflation and drew top level criticism in spite of its small size.

Mr. Speer's remarks were sharply attacked by Mr. Robert Strauss, President Carter's anti-inflation counsellor and the leading figure in the Administration's efforts to coax industrial leaders into joining the voluntary programme.

Mr. Strauss declared that U.S. Steel was being exceptionally uncooperative, and that other steelmakers would generally make a contribution to keeping prices down. However, the Press poll shows that this is not necessarily the case.

For instance, Mr. Lewis Foy, chairman of Bethlehem Steel, who was singled out by Mr. Strauss *for his past co-operation*, stood by his earlier statement that the unique situation and low profitability facing the steel industry *did not put it in a position* to absorb price increases.

Apart from the rising costs with which they are grappling, the steel companies are still unhappy about some aspects of the trigger price mechanism, which brought progress on the problem of cheap imports.

Now that domestic market prices are better protected against outside undercutting, they are clearly out to restore profit margins to decent levels.

Carter election finances 'queried'

BY OUR OWN CORRESPONDENT

WASHINGTON, June 1.

WELL OVER a year after President Carter moved into the White House, the Federal Election Commission is still a long way from completing an audit of his campaign, according to reports here today.

In a long article, the Wall Street Journal reported today that the Commission, which oversees elections in the wake of a new law providing for federal funding of election campaigns, *has uncovered a series of anoma*lies which could prove damaging to President Carter in the months ahead.

Mr. Carter received $21.8m of Government funds to finance his campaign (President Ford received roughly the same).

According to the Journal, several people listed as recipients of money from the Carter campaign are positive they never received anything like the amounts listed in the campaign's financial statement. At the same time, some of the uses to which the money was put appear vague in the extreme.

Some $603,000 is not accounted *for* in any way on the grounds, according to the campaign staff, that it was all disbursed in sums of less than $100. Under the law, such contributions do not have to be itemised.

By contrast the Ford campaign, which has been audited, *listed* $90,000 of such "miscellaneous expenditures."

The paper also reported there *is* some scepticism within the election Commission about sums of $279,000 for miscellaneous office expenses and nearly $500,000 for unspecified "get out the vote" payments.

The explanation for all this *may not necessarily be sinister.* The custom of giving money to local party stalwarts to help them get the vote out is time-honoured.

Brazil puts off river meeting

By Robert Lindley

BUENOS AIRES, June 1.

THE ARGENTINE Foreign Ministry has expressed its "surprise and perplexity" over a unilateral decision by Brazil to call off the meeting of Foreign Ministers of Brazil, Paraguay and Argentina, due to take place in Brasilia on June 8 and 9.

The Ministers were to discuss Argentine proposals for a "definitive solution" to the long haggling between Argentina and Brazil over the use of the waters of the Paranâ river. The central dispute is how high the dam wall of the projected Corpus hydro-electric scheme should be on the Paranâ

Canadian Steel strike move

By Robert Gibbens

MONTREAL, June 1.

CO-ORDINATORS FROM 17 local branches of United Steelworkers of America in the Quebec-Labrador iron mining area, 700 miles north-east of Montreal, are meeting again to plot a new strategy in the strike which has already made idle 10,000 workers for more than 12 weeks.

Each local branch negotiates with the mining companies separately, but those branches representing employees of the biggest producer, Iron Ore Company of Canada, usually set the tone of negotiations.

Fraser starts tour in NY

By John Wyles

NEW YORK, June 1.

MR. MALCOLM FRASER, the Australian Prime Minister, arrives here to-day at the start of a three-week foreign tour which will also include visits to London, Paris and Bonn.

The centrepiece of his five days in the U.S. will be a speech on Monday to the United Nations General Assembly on disarmament.

U.S. COMPANY NEWS

Decision near in SCM court fight with Xerox; Shell Canada coal mine plan; CBS-Fawcett purchase row, Page 30

The Falklands football

BY OUR PORT STANLEY CORRESPONDENT

BUENOS AIRES is only five hours' *flying time* to the north and hundreds of the Falkland Island's 1,900 inhabitants are of Scottish descent, but only two islanders expect to be in Argentina to support Scotland on Saturday in the World Cup. The majority of Scotland fans have decided to stay at home — for safety.

All the islanders are almost constantly aware of the dispute between Argentina and Britain over the future sovereignty of the Falklands and that the next round of talks on the issue is *due later this month.*

Discovered by John Davis, an Elizabethan navigator, in 1592, the Islands were settled at different times by the British, French and Spanish, until 1833, when a permanent British settlement was created and the Islands became a Crown Colony. Argentina's claim is based on the idea of a succession of sovereignty from Spain of all lands south of the River Plate from the Andes to the Atlantic Ocean.

The islanders have recently become aware of Argentina's occupation of the south Sandwich island of Thule, a dependency of the Falklands. The Argentinians have been installed on this island since late 1976 and remain in spite of Notes of protest from the British Government. Falklanders believe that it is a move in the political game for their islands and that if the Argen*tinians are allowed to* continue in Thule, their next step might be a "back-door occupation" of the Falklands

The talks between Britain and Argentina have taken on a new dimension with the possibility that oil might be found offshore and with the proof that the region's fishing resources are abundant.

While it would be some years before any oil could be landed from the savage seas around the islands, a more immediate monetary boost and a benefit to the *British economy could come* from the fisheries. At present no commercial fishing is done mainly because of the distance of the Falklands from a market and lack of expertise among the native Falklanders, who are a farming community.

However, there is tremendous activity in the area by foreign fishing research vessels, trawlers and factory ships. Russian, Polish and West German vessels are frequent visitors, with occasional calls being made by East German, Romanian and Japanese trawlers to take on provisions or land patients for treatment.

Experiments are being carried out with the drying of fish for human consumption and the establishment of a fishmeal plant.

The British Government recently made a grant of £3m to improve internal communications. A large slice of it will be used for the building of a road linking the capital, Stanley, with the major settlement some 50 miles away.

Further development, to supplement income from the wool industry, will be needed to maintain the high standard of living enjoyed by the islanders compared with residents of southern Argentina. Kelp, a giant seaweed found in abundance around the island, offers one opportunity as alginates produced from this plant are used in ice-cream, beer and cosmetics. Trials have been conducted by Alginate Industries, but due to the recession during the last three years and the uncertain political situation the trials have not been pursued.

Iran-U.S. agreement likely on nuclear safeguard pact

BY ANDREW WHITLEY

IRAN AND the United States are likely to reach final agreement on a draft nuclear non-proliferation treaty within the next few weeks. The preliminary initialling expected to take place in Tehran at the "senior working" level, will clear the way for full-scale commercial negotiations to resume between Iran's Atomic Energy Organisation and U.S. companies, for the supply of up to eight nuclear power stations.

The formal signing of this treaty, which the U.S. hopes will serve as a model for other bilateral agreements with non-nuclear countries, will probably be reserved for an occasion such as the two countries' annual joint Ministerial commission meeting, later this summer.

After over two years of negotiations, diplomatic sources confirmed that a compromise has at last been reached with Iran over the touchy question of nuclear safeguards. Iran is reported to have agreed to forgo the reprocessing of spent fuel from U.S.-supplied reactors, without American approval. Restrictions also apply to U.S.-supplied fuel used in other countries' power plants.

In return, an informed source said there had definitely been compromises on the U.S. side. He spoke of the "positive spirit," with which he said the Iranians are clearly approaching the final stages of the negotiation.

On New Year's Eve President Carter revealed in Tehran that there had been a breakthrough in the long protracted and troubled talks with Iran. In the five months since then, minor obstacles are believed to have been encountered, and overcome, but there have been no major changes. The longer-than-expected last phase of discussions is believed to have been taken up mainly with ensuring a mutually satisfactory agreement to cover any future changes in the nuclear energy scene worldwide.

Although Iran has apparently given up its reprocessing option for the foreseeable future, no one here will say what the Iranians are going to do with the waste fuel from their nuclear reactors. The first four, now under construction, will come on stream within the next six years, and nuclear industry observers here feel that Iranian spent fuel will probably be sent to Western Europe for reprocessing. Last Sunday, senior officials of the Atomic Energy Organisation said no decision has been reached yet on the storage of Austrian nuclear wastes in Iran's huge desert areas. The proposal was first discussed in 1976.

According to the English language Kayhan International newspaper, Iran will not be barred from reprocessing its own spent fuel, in the event that the U.S. gives the go-ahead to any other country. Since last spring, Washington has attempted to bring about an international moratorium on commercial reprocessing, in order to prevent the spread of nuclear weapons' capability.

● The Shah last night warned that Iran would fall under the sway of Communists if patriotic groups such as the armed forces and himself were not there to defend the country against current challenges.

In an unusually clear reference to outside interference in the current unrest, the Shah said that only two centres abroad "were pulling the strings that led to riots and disturbances."

The Shah spoke against a background of continuing trouble among Tehran's large student population. Fresh violence broke out again to-day around Tehran University's halls of residence. Clashes between students and hundreds of riot police left large numbers injured.

Bankers believe yen will remain strong

BY DOUGLAS RAMSEY

TOKYO, June 1.

THE JAPANESE Yen looks set for another round of steep appreciation against the U.S. dollar, according to bankers and foreign exchange dealers contacted in Takyo in recent days.

The dollar declined sharply this morning, from Wednesday's closing rate of Y223.15 to Y220.4. By the close of trading, the U.S. currency inched back up to Y221.2, but the flurry of activity surpassed the Wednesday level. The spot volume was $567m up from the previous day's $549m.

Many analysts point out that the market was affected by the recent announcement of U.S. inflation statistics for April, which showed prices rising at 10 per cent on an annual level (compared with about 4 per cent in Japan). But whatever the immediate cause for the yen's renewed attraction on foreign exchange markets, a consensus seems to have emerged among leading Japanese bankers that the yen will rise further.

"Most of us think the yen will grow much stronger unless American policies change or there is a major reflationary package in Japan very soon," according to one of Japan's top bankers. He predicted that the yen could rise "very quickly," to the benchmark level of Y200 to the U.S. dollar, a 54 per cent appreciation from its Smithsonian parity. Asked to define "very quickly," he suggested: "Much before September."

One soft push to the yen was delivered this afternoon when the Japanese Finance Ministry announced that Japan's gold and foreign exchange reserves stood at $27.7bn at the end of May, a rise in holdings from the $27.5bn level a month earlier. The modest increase reflects the remarkable degree of stability on exchange markets in the market or lending large sums of foreign currency to the commercial banks to repay dollar loans. But the rise is in stark contrast, nevertheless, with the huge $1.7bn reduction in reserves during April.

The recurrence of wide fluctuations in the yen-dollar rate coincided this week with work inside the Bank of Japan and Finance Ministry on lifting some of the short-term currency controls implemented on March 18 to counter the flood of hot money into yen. Although rumours have been circulating for days that a relaxation of rules is imminent, no announcement has been made and some market analysts fear the yen's rise yesterday and today could spike the reforms before they happen.

Although government officials say that Japan's trade surplus in May seems to have stayed roughly at the April level, many bankers and economists note that in yen terms Japan's imports have been falling in recent months. This trend, they reckon, will continue unless there is a massive stimulation of private demand in Japan—an option not particularly liked by Mr. Takeo Fukuda, the Prime Minister.

N. Zealand budget tax cuts aimed at unions

By Dai Hayward

WELLINGTON, June 1.

EXTENSIVE income tax cuts, which Mr. Robert Muldoon, the Prime Minister, expects trade unions to accept in place of high wage demands, and a substantial package to help New Zealand's hard-pressed farmers were the main features of New Zealand's election-year Budget announced tonight.

Salary and wage earners with an income of NZ$80 a week receive a NZ$2.80-a-week tax cut. Reductions are greater on higher incomes. In addition, New Zealand's complicated tax structure, with its 19 separate taxation steps, is replaced with five graduated steps.

New Zealanders have been paying too much in direct taxation, Mr. Muldoon said. The new rates were designed to help lower income groups and reduce the penalty on overtime earnings. He made it clear he expects trades unions to accept wage restraint in return for the tax cuts. The new lower rates, along with the 5 per cent reduction in income tax last February, were, he said, the equivalent of a 9 per cent wage increase.

In an obvious warning that the government was prepared for a showdown before the November election if the unions persist with high wage demands, Mr. Muldoon declared: "Increases sought recently by some groups of workers have clearly been excessive. Such increases would threaten free wage bargaining. Unions, employers and government must seriously consider the implications."

The Federation of Labour has a 14 per cent wage claim before the Arbitration Court. The Government has already indicated this is too high and would seriously affect efforts to bring down the inflation rate. In his Budget speech, Mr. Muldoon revealed that inflation for the March quarter was down to 2 per cent—the lowest since December 1972.

The package of measures to help New Zealand's hard-pressed farmers will cost over NZ$200m. They include direct cash grants of 50 cents for each sheep, NZ$2 for each head of beef cattle and NZ$5 for every dairy cow on their farms. There are also subsidies for fertilisers, irrigation schemes and farm transport.

The budget also brought a petrol price increase to help reduce consumption.

Bangladesh goes to polls

BY SIMON HENDERSON

DACCA, June 1.

THE PRESIDENTIAL election to be held in Bangladesh on Saturday is expected to be won by the present leader, General Zia-ur Rahman. However, the 43-year-old soldier who still rules with the aid of martial law is facing a strong challenge from a coalition of parties led by another soldier, 60-year-old retired General Ataul Ghani Osmani.

The election is part of General Zia's programme of re-introducing political life into Bangladesh after the period of military rule which started when the first President, Sheikh Mujibur Rahman, was assassinated in a bloody coup in August, 1975. He has promised to hold parliamentary elections in another six months and has said that he will step down if General Osmani wins on Saturday.

On the surface General Osmani's chances appear quite good, for he has Sheikh Mujib's old Awami League in his front of six parties, and the League is acknowledged to have the finest grassroots organisation of any political body.

General Osmani has also been getting big crowds at his rallies. One held on Wednesday in Dacca attracted the same size of audience as the rally held in the same place by General Zia the day before. There is also frustration with General Zia's regime which came to the surface a month ago when there was a strike by 600,000 low-income government employees protesting at recently-revised pay and grading scales.

General Zia-ur Rahman

Only the barest outline of policies has emerged in the campaign. Instead the main issue is whether Presidential government should continue or whether there should be a change to the Parliamentary system.

General Osmani has indirectly accused General Zia of only wishing to perpetuate his rule. He says that if he wins he will immediately take measures to abolish the post of President. Such a move could face opposition from General Zia, who will still be chief martial law administrator and therefore, the final arbiter.

Although both men have support in the army, General Zia is thought to have the edge. Observers here who consider General Zia's victory inevitable, say only its size is in question. When General Zia held a referendum on the popularity of his rule last year he won an embarrassingly large 98 per cent. endorsement. Counting of the potential 38m votes is expected to be completed by late Saturday or Sunday.

The parliamentary elections later this year could give a more uncertain result. General Zia's recently-founded Jagodal Party is still small and shares a platform with a disparate group including a conservative Moslem party and the pro-Peking National Awami Party. Although this group might hold together, General Osmani's equally mixed coalition has already said it will contest the election separately.

General Zia is therefore being able to campaign on the theme of continuation of stability. In spite of an attempted coup last October Bangladesh has been spared major upsets. In the past 18 months there have been no natural disasters and the harvests have also been good.

System of rule undecided

BY KEVIN RAFFERTY IN DACCA

THE BANGLADESH ELECTION is a contest with its oddities, as can be judged by reading the election kit kindly supplied by the Government. This lists all sorts of interesting pieces of information—contestants, party symbols, voter breakdowns—but omits the term of office of the newly-elected President and the system under which he will operate.

This is because no one really knows. There is a common assumption that it will be a five-year term, based on the fact that previous constitutions have maintained five-year terms in the best British traditions. But the constitution under which the President will work will only be decided by the President and his advisers after he has won the election.

The election has been billed as "The Battle of the Two Generals" because the two main contestants are both generals and each has held the job of Commander-in-Chief of the Bangladesh forces. In reality it will be more important for settling some of the unfinished business of the 1971 struggle out of which Bangladesh was created.

General Osmani was Commander-in-Chief of the Bangladesh forces during the liberation struggle and was subsequently Minister of Defence in the civilian government of Sheikh Mujibur Rahman. He looks the model of an old-style general with bushily jutting moustache, brisk manner and pepper-hot outbursts if things are not done promptly. For this election he is carrying the banner of seven groups called jointly the Gangatantrik Oikkyo Jote. The main force behind this is the old Awami League.

General Osmani is calling for the rahabilitation of Sheikh Mujibur Rahman. He also wants to see a Prime Ministerial rather than a Presidential form of government and objects that martial law is still in force. "Zia will concentrate power in his own hands," he says. "We did not fight for liberation to establish dictatorship."

General Zia's platform is to stability he has created by his control of law and order and better discipline. A series of good monsoons have also helped, keeping the economy afloat with growth rates above 3 per cent in two of the past three years.

In a sense the real questions will come after the election. Most observers believe that General Zia will win, since he is genuinely popular. But the first question will be whether the size of the victory is credible. As one retired army staff officer said of last year's referendum: "I told Zia that I could understand the 98 per cent Yes vote for a Presidential system but not the 85 per cent turnout. It was incredibly high."

The next question will be whether General Zia can make any new system of politics work. He has been trying hard to form a credible political party and has by now attracted a motley crowd from both Left and Right under his banner. But whether he can mould them into a party, or even perform as President when politicians are carping in the National Assembly, is another question altogether.

Lebanese forces to move south

Presidents Hafez Assad of Syria and Elias Sarkis of Lebanon have agreed at the end of two days of talks that Lebanese troops should enter south Lebanon as part of a "number of measures adopted in order to consolidate the authority of the Lebanese legal Government all over the country." This statement came at the end of the talks at the northern Syrian port of Latakia, our Foreign Staff writes.

While the reassertion of Lebanese sovereignty over an area in which Israeli, UN and Palestinian forces are operating is undoubtedly what Syria would like to see happen, it would seem to be a statement aimed mainly at Syrian domestic opinion to show that the Syrian presence—in the form of 30,000 troops in the Arab peace-keeping force—and its policies towards Lebanon in general are successful.

However, tension has been rising again in south Lebanon, making it more unlikely that the embryonic Lebanese army, in the process of being reformed after the civil war, would be in any shape to assert its authority—with or without the help of other forces in the region.

Envoy arrives in Zambia

Mr. John Graham, Deputy Under-Secretary at the Foreign Office, arrived in Lusaka to-day to join Mr. Stephen Low, the U.S. Ambassador to Zambia, in efforts to convene an all-party conference on Rhodesia, Michael Holman reports from Lusaka.

Although there is little optimism here, Anglo-Zambian relations are more cordial than they have been for many months. Zambian suspicions that the British and American Governments supported the internal Rhodesian agreement were removed during President Kaunda's discussions in London and Washington last month.

Martin Dickson adds: Mr. Joshua Nkomo, co-leader of the Patriotic Front nationalist organisation, yesterday again strongly rebutted suggestions that he might be persuaded to return to Salisbury to take part in the "internal" settlement there.

Passing through London, he told a news conference that the internal nationalists who had joined Mr. Smith in government were now realising that once "you join the monster, his deeds are yours."

WORLD TRADE NEWS

Doubts over components for Japan

By Terry Dodsworth, Motor Industry Correspondent

BRITISH MOTOR components companies are unlikely to have *much success in selling parts to* the Japanese, Mr. Malcolm Norgate, finance director of Associated Engineering, said yesterday.

Speaking at a seminar in London, Mr. Norgate said that although Associated Engineering was continuing efforts to sell in Japan, "at the end of the day the Japanese will always find a reason to resist buying."

His comments come at a time when several UK companies are increasing efforts to sell to Japan in an effort to counterbalance trade between the two countries in motor cars. About a year ago a delegation of Japanese car company buyers visited Britain to discuss prospects.

Mr. Norgate said that Associated Engineering, one of Britain's largest components groups, *felt that a better way of* competing with the Japanese was to win business in the replacement market for their cars.

That can be done, not only in the UK, by developing British-made parts that are compatible *with Japanese cars, then selling* them throughout the world.

Canada cuts VW import duty

OTTAWA, June 1.

INDUSTRY MINISTER Jack Horner said the Government was to allow Volkswagen of *Canada to reduce import duties* it pays in return for using more Canadian-made parts.

The Government will remit part of the 15 per cent import duty levied against Volkswagen for imported cars and parts. The plan *removes duty from Canadian*-made parts in an imported car.

● The Government is also to adjust levies on exports of crude oil and oil products to take into account a recent gain in the Canadian dollar *relative to many* other currencies

Agencies

Canada row over Arab boycott

BY VICTOR MACKIE

OTTAWA, June 1.

INDUSTRY AND TRADE Minister Jack Horner, has been *criticised in the Canadian Com*mons and by the Jewish community because of his policy statement this week on the Arab boycott of Israel. However, he continues *to claim* that Canada's anti-boycott policy is working well.

The Minister was attacked by Conservatives and New Democrats in the House because of his department's second semi-annual report on international boycotts. Earlier, the Canada-Israel committee said it was so angry and frustrated at Mr. Horner's statement that it was to campaign nationally for a tougher government anti-boycott policy.

Mr. Horner's report makes minor changes in the existing policy to discourage compliance by Canadian companies with Arab requests that they sever business *dealings with Israel.*

Under the 18-month-old guideline, any company signing with an Arab nation a contract containing a boycott clause un*acceptable to the Canadian* Government forfeits all government assistance in relation to that contract.

The policy was modified this week so that companies that *lose* government assistance will be publicly identified every six months. The naming provision was promised by external affairs Minister Jameson in 1976.

The Toronto Globe and Mail said today (Thursday) that Westinghouse (Canada) is among companies the Government *has not named in connec*tion with the Arab boycott of Israel.

The newspaper says the Government withdrew all promotional and financial support from Westinghouse last August *after* the company "agreed to comply with the boycott in a $25m deal to provide pipeline compressors to Libya."

● The Government is to remit part *of the 15 per cent import* duty of Volkswagen of Canada for imported cars and parts in return for using more Canadaian-made parts, agencies report. It *is also to alter levies on crude* oil and oil products.

Brazil shoe exports to U.S. up

BY DIANA SMITH

RIO DE JANEIRO, June 1.

BRAZILIAN SHOE *manufac*turers increased their exports to the U.S. *by nearly three-fifths in* the first quarter of 1978 in the knowledge that they and their counterparts in the textile industry will shortly face a declaration from the U.S. Treasury that countervailing duties in the form of customs tariffs (likely to be 20 per cent on shoes) are to be introduced to protect U.S. manufacturers from Brazil's export subsidies, a term the Brazilians prefer to replace by "incentives."

After an outcry in 1976, when U.S. *shoe manufacturers* appealed to the Administration for help, Brazil reduced its shoe exports there from 26.7m pairs in 1976 to 17.6m pairs in 1977. But this year, it *apparently* decided to close the gap and sell *all it could before the axe fell.*

Brazil is not the only country to rush into the U.S. shoe market this year: Hong Kong increased its shoe sales there by a staggering 210 per cent, apparently filling the vacuum left by the *voluntary restraint of South* Korea and Taiwan.

Brazilian textile manufacturers appear to be making the same drive against the odds, with production up by 22.4 per cent in fibres alone in the first quarter, and overall exports of ready-*made clothing* up by 16.4 per cent to $87.8m.

This week's open accusation of Brazilian subsidies by the U.S. authorities gives the Brazilian textile industry only five months to sell as much as it can. By November 7 at the *latest*, the U.S. Treasury will decree the countervailing duties equivalent to Brazilian export incentives which, the U.S. says, violate American legislation.

Dutch export aid studied

BY CHARLES BATCHELOR

AMSTERDAM, June 1.

HOLLAND is studying further ways of *helping its hard-pressed* exporters but the first aim of government policy is an overall cut in industry's costs. Specific measures to help exports would "only cure the symptoms," not the basic malaise, Mr. Karel Beyen, *State Secretary* at the Economics Ministry with responsibility for exports, said.

The priority is to improve costs in industry and raise returns on investment, he told a meeting of the Metal and Electro-Technical Industry *Association in* Rotterdam. The strong expansion of

Detailed measures to stimulate exports will be considered when the Government concludes its review of social and economic policy. *It has already extended* the range of export facilities but is studying the further wishes expressed by industry. Difficulties thrown up by the existing system of guarantees *for exchange risks* on long-term contracts are being *reviewed* and a possible extension of cheap credit facilities is under study.

The possibility of granting mixed credits, comprising development aid and commercial loans, is being considered while *a study group has begun work on* the potential of combining the experience of Government departments and private industry to promote exports.

£20m Iran contract for Vickers

By Kenneth Gooding, Industrial Correspondent

THE DESIGN and projects division of Vickers has won a £20m contract to supply Iran with a workshop for the overhaul of armoured vehicles.

The order has been placed by *Millbank Technical* Services, the contractual arm for the British Ministry of Defence. But it is entirely separate from the £700m Isfahan ordnance complex currently being negotiated by MTS in Iran.

Vickers Design and Equipment will be planning and supplying the complete equipment required *for the work*shop facility and says it will take in some 24,000 separate *items ranging from engine and* gearbox dynamometer facilities to machine tools.

As many as 300 British companies will be involved in making the components and specialist equipment.

Vickers *Design* and Equipment is part of the Vickers Engineering Group but is independent of any manufacturing unit within the company.

Mr. Chris Chester-Browne, managing director, said yesterday *the Iranian orders* was "a major step forward in the Design and Projects drive to obtain large equipment supply contracts around the world." It took the order book to more than £50m and would require *the division to take on around* 100 more people during the coming *year* compared with the 280 currently employed.

USSR in Malta

THE SOVIET UNION has sent an important mission to Malta to *discuss ways of improving* economic and trade ties, Godfrey Grima writes from Malta. The move, preceded by recent negotiations on maritime and civil-aviation affairs, indicates both countries' willingness to normalise relations that have been low since Mr. Mintoff's Labour Party came to power in 1971.

Ericsson nears completion of major Brazilian deal

BY JOHN LLOYD

L. M. ERICSSON, the Swedish telecommunications company, has *emerged as the favourite to win* a contract to supply electronic *exchange equipment* worth between £30m and £40m to the *Brazilian Government.*

Under the terms of the contract, majority voting rights in the Ericsson subsidiary in Brazil, Ericsson do Brazil (EDB), will be taken by a Brazilian company.

Between them, Ericsson and EDB will supply equipment for 50,000 lines in Sao Paulo, and will sign a letter of intent covering a further 180,000 lines.

Ericsson yesterday requested the suspension of dealings in its *shares* on the Stockholm stock exchange. This move was thought to have been taken to avoid speculative buying during the final negotiations on the contract.

Ericsson emerged as favoured supplier in competition with ITT and the Japanese company of Nippon Electric, both of which have Brazilian subsidiaries.

The Swedish company has offered its *AXE electronic* exchange with the intention of *manufacturing the system* through EDB. Ericsson presently owns 92 per cent of the subsidiary, which is valued at around £47m.

Ericsson *said yesterday* that it had sought increased Brazilian involvement in EDB for some time, independently of the present contract.

A Brazilian insurance group, Atlantica Boa Vista, is negotiat*ing the future ownership struc*ture of EDB, which will be subject to the approval of the Brazilian and Swedish governments.

Ericsson anticipates that Brazilian participation in EDB will *comprise* less than 51 per cent of EDB's total shares, though the Brazilians would take majority voting rights in any future arrangement.

Diana Smith writes from Rio de Janeiro: Having been placed at the *top of* the list Ericsson will now begin negotiations with Telebras, the State telephone agency. The Brazilian Government is insisting that the winning bidder guarantees a high degree of nationally made components in the new exchanges, and ample technology transfers.

Cia Atlantico de Seguros, the Brazilian partner of Ericsson in the bidding, is owned by the major *Brazilian* bank, Bradesco. The Ministry of Communications has announced that if Ericsson cannot fulfil the requirements, it will call in Standard Electric for negotiations.

Equally if Standard Electric *does not meet the specifications,* then the third bidder on the list, the Nippon Electric Company, will be invited to negotiate.

UK 'not needed' in new Airbus

BY ADRIAN DICKS

BONN, June 1.

DEVELOPMENT *of the* scaled-down B10 version of the European Airbus A300 will go ahead *irrespective of whether* the British Government decides to commit the funds that would open the way for participation in the venture by British Aerospace. That is the view expressed by Mr. Gerrit Klapwijk, outgoing executive chairman of the VFW-Fokker group.

But in common with manufacturers already involved in the Airbus consortium, Mr. Klapwijk also emphasised at a press conference in Dusseldorf that the *European aerospace industry's* clear preference is for going ahead with the British, rather than without them.

He said that until the British Government had decided it would not be possible to apportion work on the B10 project. But by implication he confirmed a possible *overlapping of interests* between VFW-Fokker and British Aerospace in the venture by saying that his company would seek as technically advanced a share of the job as possible.

His answer appeared to indicate that *if* Britain does not remain in the project, building the wings, as it does for existing Airbus types, VFW-Fokker would try to secure the work for its own under-employed Bremen facility.

Work on supercritical wings, for the airbus and for the company's projected Super F28, has been going on for some time in the Netherlands.

Asked whether Governments could afford to fund the B10 and the *two projected Joint Euro*pean Transport (jet) programmes, Mr. Klapwijk said that if Britain threw in its lot with the Europeans, taking design leadership for at least one JET type, adequate finance would be available.

● Midland Bank has concluded negotiations with Airbus Industrie in Toulouse to finance a £21.8m contract to British Aero*space for 15 sets of wings for the* A300B. Much of the loan, available in U.S. dollars, carries the support and guarantee of the Export Credits Guarantee Department, the rest being provided by a commercial Euro-dollar facility. This is the first time an Airbus wing sale has been conducted in foreign currency.

Thailand likely to buy 747s

BY RICHARD NATIONS

BANGKOK, June 1.

THAI INTERNATIONAL has accepted a proposal from Boeing to buy three wide-bodied 747s with options on another four aircraft.

Company sources are confident that the Government, which has just received the airline's recommendations, will approve the deal. If so, the first aircraft is scheduled for delivery in October 1979 and the other two in the first quarter of 1980. The price *is* "between $50m and $55m" exclusive of engines.

The Thais are considering putting Rolls-Royce RB-211 engines in the Boeing 747 aircraft which can also take engines made by General Electric or Pratt and Whitney of the U.S. Industry sources say the Thais would give *Rolls priority if the British* Government were prepared to improve Thai's traffic rights to London.

At the moment Thai International is permitted to fly to London only after making at *least one other European stop* —presently Frankfurt. Thai would like to see this restriction lifted so it can carry a higher proportion of the growing tourist traffic pool in London who want to fly directly to South-East Asia where the tourist industry is growing rapidly. The airline argues that if it is to expand and buy British products then the British Government should be willing to give Thai International a larger share of the market.

Last year Thai bought two McDonnell Douglas DC-10s, but the purchases now being recommended indicate that Thai is switching its wide-bodied fleet, entirely to Boeing. To facilitate the switch, Thai International is asking Boeing to alter the cockpit design *more in line with the* McDonnell Douglas layout which Thai pilots are familiar with. This accounts for the price spread now quoted in Boeing's proposal.

The Boeing purchases are part of a five-year expansion plan at Thai. Last year the airline sold its six DC-8 generation aircraft to an American leasing company. Last year it bought four Airbuses series B-4 at a fly away price *of $26m* and *has placed* a firm order for another two for delivery in March next year.

Thai is also said to be considering further purchases of Airbuses linked with a scheme outlined recently in preliminary discussions with a representative of a Japanese bank aimed at reducing Japan's *trade surplus with* the EEC.

Michael Donne, Aerospace Correspondent, writes: Boeing, which has now collected orders for nearly 400 747 Jumbo jets, is planning to raise the production rate of these wide-bodied aircraft to seven aircraft a month by late next year, from the present 1.5 units a month.

This production surge is being dictated by the rapid inflow of *new orders for the 747* in all its versions—passenger, combined passenger/freighter, and all-freight roles, together with the Special Performance very-long-range version.

● Air Anglia today ordered two Fokker F28 4000 aircraft from the German-Dutch company VFW-Fokker. The airline will be the first British operator of the F28.

Italians win Pakistan order

By Paul Betts

ROME, June 1.

SNAMPROGETTI, the engineering and planning subsidiary of the Italian State hydrocarbon agency, ENI, has signed a contract to build a urea fertiliser plant in Pakistan. The plant will represent an investment of more than $200m and is to be constructed at Goth Macchi in the Punjab.

The financing for the $200m project will come from the International Development Association (IDA), the U.S. agency for international development, and the Kreditanstalt fut Wiederaufbau, the Italian company said.

Following the contract with the Pakistan Fauzi Fertiliser Company, Snamprogetti will provide the know-how and planning for the project, while the Italian *State-controlled chemical group,* ANIC, will train the personnel for the new fertiliser plant.

Turkey steel study

Kaiser Engineering, of Oakland, California, has won a contract to prepare a feasibility report for Turkey's planned fourth iron and steel complex, to be built in the eastern province of Sivas, according to Industry Minister Orhan Alp, AP-DJ reports from Ankara. The complex is to have a capacity of 2m tonnes annually and is estimated to cost $1.4bn, *of which foreign currency would* amount to $476m.

HOME NEWS

Accounts standards debate criticised

BY DAVID CHURCHILL

AN unprecedented wrangle has started between two major accountancy bodies over the standards of accounting in local authorities.

The Chartered Institute of Public Finance and Accountancy, which represents professional accountants in local government, has sharply criticised a motion being debated at next Tuesday's annual general meeting of the Institute of Chartered Accountants in England and Wales.

The ICA motion calls for legislation to "raise the minimum standards of accounting and accountability required of local authorities at least equal to those required of companies quoted on the Stock Exchange."

But the Chartered Institute says this motion reveals "a lack of detailed knowledge of the law and practices affecting accounting and accountability in local government." It argues, contrary to the terms of the ICA motion, that "there is a degree of openness attaching to local authority accounting and accountability which is unparalleled in the private sector."

The ICA motion has been proposed by Mr. Jeremy Cripps, a chartered accountant and the prospective Conservative Parliamentary candidate for Hammersmith North. Mr. Cripps has for some time criticised local authorities for being too secretive in their accounts.

He blames the lack of provisions for reliable accounting standards and detailed procedures in the local government acts. "The presentation of local government accounts is consistent neither from year to year nor from authority to authority," he says.

Last night Mr. Cripps said he was surprised at the Chartered Institute criticising his motion for the ICA annual meeting. He said it was unprecedented for a professional accountancy body to criticise openly another body's internal affairs.

The ICA does not usually comment on individual motions in advance of the annual meeting.

The Chartered Institute, however, maintains that there are adequate controls and standards governing local authority accounts. It points out that the 1972 Local Government Act contains detailed instructions for the conduct of audits.

"The CIPFA long ago took the lead in the standardisation of accounts." It points out.

NEB closes Tress and 330 lose jobs

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE 330 employees of Tress Engineering, taken over by the National Enterprise Board in January with other parts of the Fairey engineering group, were told yesterday that the company is to close immediately and they will be made redundant.

The move is bound to provoke a political row because Tress is based at Newburn, near Newcastle-upon-Tyne where the level of unemployment is running at around 9 per cent.

But it confirms in the starkest terms that the NEB, which was involved in a battle with the Trafalgar House group for control of the Fairey companies, intends to apply strictly commercial criteria to its new engineering business.

Tress makes valves and gauges and was in financial difficulties long before the old Fairey group crashed and was sold off by the receiver.

Mr. Angus Murray, appointed chairman of what is now called Fairey Holdings in February, revealed to employees yesterday that trading losses had risen to £1m. a year.

Soon after taking the chair, Mr. Murray ordered a detailed investigation into the problems of Tress and a review of all the available alternatives.

The conclusions of this internal investigation were so serious that it was decided to retain outside consultants to carry out financial and marketing appraisal of the short-term and long-term future of the company.

"The final conclusions were unanimous in that there was no prospect for the company to become economically viable," employees were told yesterday.

"The market position of Tress had deteriorated to a point which is now beyond recovery."

As a result, the Fairey Holdings Board came to the conclusion "that it has no alternative but to close down Tress with immediate effect." Mr. Murray said.

Fairey promised that efforts would be made to preserve some employment in the area and revealed that negotiations are taking place with companies which have shown some interest in acquiring some of the assets.

"But there can be no guarantee of success in this direction, and whatever happens any employment prospects will be on a reduced scale."

Tress was the only loss-making business among the 11 companies acquired by the NEB from the receiver for £20.5m.

There had already been redundancies to reduce costs in June, 1977, four months before the old Fairey group collapsed. At that stage union and employee representatives were given a warning that the company's performance had to be improved if Tress was to survive in a market where trading conditions were unlikely to get better.

A £1m capital investment programme for Fairey Hydraulics was announced two weeks ago. The NEB takeover enabled this investment to go ahead, it was stated at the time.

Shetland devolution demand

THE ORKNEY and Shetlands islands' councils decided yesterday to reject the compromise offered to them by the Government over devolution and press on with their demand for a Royal Commission to consider the constitutional status.

Senior councillors and officials of the two authorities met in Lerwick, Shetland's main town, to agree a common front in advance of next week's two-day visit by Mr. Bruce Millan, Secretary of State for Scotland.

He has proposed that the islands should ask their MP, Mr. Jo Grimond, to withdraw his successful amendment to the Scotland Bill, which compels the Government to set up a commission if the people of the islands vote against devolution in the referendum.

However, after yesterday's meeting, Mr. Ernest Urquhart, chief executive of Shetland, said: "Mr. Millan's proposal met the same response from both Orkney and Shetland. We still want a commission set up."

Equity Capital still cautious

BY MARGARET REID

EQUITY Capital for Industry, set up by investigating institutions in 1976 to channel capital to companies unable to raise it on the market, turned down 17 applications last year because of inadequate prospects of return or undue risk.

Four investments, totalling £7m., were made in 1977-78, Equity Capital's first full year: £1.7m of this has had to be written off as it went to Bond Worth Holdings, the carpets group later placed in Receivership. However, retained earnings and profits on other investments have offset most of this loss.

In his statement with the accounts, Lord Plowden, the chairman, says that Equity Capital sees its likely investments as being in the £250,000-£4m range to acquire stakes of between 10 and 25 per cent in companies.

He defines the likely "catchment area" as companies valued between £1m and £40m.

Of the 1,500 in this category, 150 have been picked out for special study as "possibles" for investment.

"In about half of these cases, there are special factors—for example, a depressed share price, large family holdings, lack of dividend cover—which would make recourse to the market difficult and approach to Equity Capital more likely," he says.

Of 33 realistic applications received in 1977-78, about 12 are still under consideration for possible investment. One further investment, of £1.5m in the Britains engineering, paper and freight concern, has been made since the last financial year ended on March 31, 1978.

Mr. Alan Barrett, Equity Capital's chief executive, said yesterday that up to six further investments would have been made already "if we could have come to a suitable arrangement for strengthening management."

One feature engaging Equity Capital's attention is the very deep discount below market price at which smaller companies have to issue shares if they are to raise cash through a rights issue.

B and I buys £7m Jetfoil

BY LYNTON McLAIN

THE Irish Government shipping company, B and I Line, has ordered a £6.6m Boeing Marine System Jetfoil for its Liverpool to Dublin run.

It is the first company in Europe to buy the craft, but the second to operate it on British waters.

B and I Line said yesterday it was buying a new model, the 925-115 Jetfoil. Eight earlier models are in service around the world.

On Wednesday P & O Jetferries, the first to operate a Jetfoil from Britain, completed its first year operating a Jetfoil between Tower Pier, London, and Zeebrugge, Belgium. The craft was loaned from Boeing. P & O pay the operating costs.

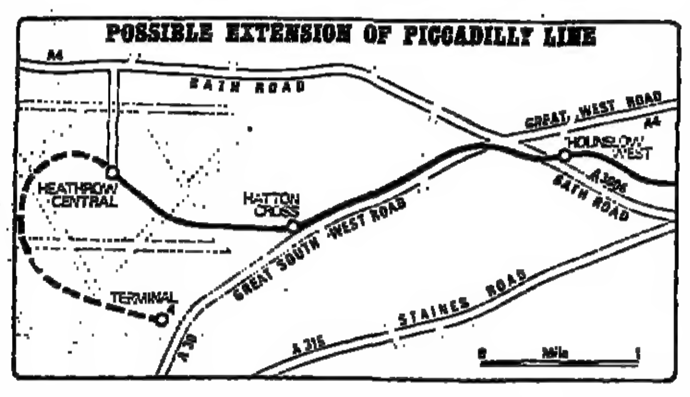
The trials will continue until the end of this month, pending the outcome of negotiations with Boeing on the possible leasing of two or three craft.

P & O Jetferries, with a 200-seat craft, carried 50,000 passengers in its first year.

Heathrow terminal underground link would cost £20m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

POSSIBLE EXTENSION OF PICCADILLY LINE



IF THE proposed fourth terminal at Heathrow Airport is built, it could be linked with the existing underground railway serving the airport for a capital cost of £20m.

The Government would have to provide this cash, since it could not be found by London Transport.

This was made clear yesterday, in separate statements by London Transport and the Greater London Council, as the public planning inquiry into the desirability of the proposed fourth terminal resumed at County Hall, Westminster.

The fourth passenger terminal, to be sited on the southern side of Heathrow, is sought by the British Airports Authority to enable it to raise the capacity of Heathrow from the present 30m to 38m passengers a year by the mid-1980s.

One of the arguments against the fourth terminal has been the severe additional pressures it would put on the existing road networks south of the airport, requiring substantial expenditure on new roadworks.

London Transport now says that, with the Piccadilly Line underground rail link already operating into the central area of Heathrow, via Hatton Cross, it would be possible to extend this further, looping round underneath the airport to a station serving the fourth terminal.

Mr. Ralph Bennett, chairman of London Transport, said: "The popularity of the extension of the Piccadilly Line to Heathrow Central, opened nearly six months ago, has already underlined the value of an underground link to the airport.

"Discussions have started with the British Airports Authority on the feasibility of the project.

"Our present estimate is that the operating costs of the extension could be met by London Transport from the fare revenue, but not the capital cost of about £20m."

Mr. Horace Cutler, leader of the Greater London Council, said that he welcomed the London Transport initiative, "although the £20m of capital would have to be provided by the Government outside the ordinary moneys made available for London's transport."

Newspaper wholesalers cleared

NEWSPAPER wholesalers were given a clean bill of health yesterday by the Monopolies Commission.

After a two-year study the commission concluded that a complex monopoly existed in the wholesale supply of national newspapers and periodicals in that the three leading wholesalers—W. H. Smith, John Menzies and Surridge Dawson—accounted for more than a quarter of the market and that they refused to supply retailers in circumstances which restricted competition. But the commission decided that the wholesalers were not abusing their monopoly.

The commission thought that in certain circumstances wholesalers were justified in refusing to supply retailers. They considered that increasing the number of retail selling points without a sufficient increase in total circulation would tend to increase the total cost of the distribution system.

The original reference was partly prompted by complaints from retailers which wholesalers had refused to supply. But the commission accepted wholesalers' claims that it was in the public interest for them to limit the number of retailers and to select them on the basis of locations and the standard of service they provided.

Mr. John Fraser, Minister of State for Prices and Consumer Protection, said yesterday that the report emphasised the need for wholesalers to deal fairly under existing procedures with retailers' complaints and to be seen to be doing so.

Do-or-die for Welsh language

THE WELSH language is in a state of crisis and will only be saved from extinction by a positive, coherent Government policy to promote bilingualism in Wales, the Government-sponsored Welsh Language Council says in its final report to Mr. John Morris, Secretary of State for Wales, on the requirements for a comprehensive Welsh language policy.

The council, first established by the 1970-74 Conservative Administration, has now been disbanded.

The report, published in Cardiff yesterday, urged the Government to make £18m available within two years to promote a comprehensive bilingual policy. It said £1.m [illegible] this should be allocated immediately.

Fourth channel

It suggested that the total of £18m (in current prices) be made up of £8m for bilingual education, £9m for maintaining a fourth television channel devoted mainly to Welsh language programmes and £1m for the use of the successor body to the Welsh Language Council.

The money would amount to less than 0.04 per cent of identifiable public expenditure in the UK.

In its researches, which included a series of public meetings throughout Wales, the council found overwhelming goodwill towards the language—nobody thought it should be left to die.

The council concluded, though, that a definite campaign was needed to reassure the people of Wales particularly young mothers on some fundamental aspects of the language question.

Mr. Ben Jones, chairman, said they had found that fears of bilingualism were due to lack of knowledge rather than antipathy. In other EEC countries, people were often able to speak three or four languages fluently, and the English monolingual tradition was now perhaps becoming somewhat outdated.

The report noted that education was crucial to the well-being of Welsh as a living language. The Government should take steps to enable local authorities to establish continuing provision for bilingual education—starting with adequate nursery education—which should become the norm throughout Wales.

Bilingual forms

A powerful external influence affecting every Welsh home was broadcasting and therefore a fourth—mainly Welsh—television channel should be established and maintained in Wales and additional children's programmes provided.

Other recommendations included strengthening present policies for bilingual education, providing bilingual forms and other documents as well as bilingual signs, special consideration for the language in all planning matters within Wales, and adequate provision for all adults wishing to improve their command of Welsh as well as those wishing to learn.

The immediate reaction of Mr. John Morris was cautious. Many of the recommendations would, under the Devolution legislation, become the responsibility of the Welsh Assembly he said.

ROBIN REEVES

HOME NEWS

Licensing proposed for asbestos work

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

RESTRICTIONS covering future use of asbestos for insulating buildings were proposed yesterday by the Government's advisory committee on the material.

The committee recommended that the Health and Safety Executive should license companies involved in asbestos insulation and should have the power to ask for notification in advance of any jobs involving work with the material.

Spraying of asbestos should be completely banned and it should no longer be used for thermal or acoustic insulation, the committee said. A code of practice for companies handling asbestos should be formulated.

"Cowboy" companies with little or no experience of asbestos had been turning the recent cancer scare to their advantage by stripping out buildings at cheap rates and cutting corners on safety to keep prices down.

There had been a "large increase" in the number of such disreputable companies, the committee added.

Under the proposals, which now have to go to the Health and Safety Executive and Mr. Albert Booth, Employment Secretary, companies in the insulation business would have to give details about their workforce, protective clothing used and training procedures.

In its report the committee said that the application and stripping of asbestos for insulation had given rise to the highest incidence of asbestos-related disease. Asbestos fibres could cause fibrosis of the lung, lung cancer and a rare cancer of the lining of the lung.

It was an area where the Health and Safety Executive found it very difficult to get companies to comply with existing regulations. Both the insulation and demolition industry, according to the Executive, employed large numbers of casual workers who had a traditionally careless attitude to safety and health precautions.

● Most new, non-domestic buildings will in future be required to have adequate thermal insulation as a result of amendments to the Building Regulations 1976 published yesterday by the Department of the Environment.

The amendments are the first regulations made to conserve fuel and power. They will be brought into operation on June 1, 1979.

Buildings exempted from the new provisions will be those with a floor area of 30 sq metres or less or those requiring little or no space heating.

Top salary earners income share falls

BY MICHAEL BLANDEN

THE TOP salary earners have taken a steadily falling share of total personal incomes over the whole of the period between 1949 and the financial year 1975-76, it is shown in the latest issue of Economic Trends, published by the Central Statistical Office.

The most noticeable trend is the decline in the share taken by the very highest incomes. In 1949, the top 1 per cent of tax units — broadly defined as either a married couple or an unmarried individual — took 11.2 per cent of personal income before tax. By 1975-76 this figure had halved to 5.6 per cent.

Although the most marked decline was at the top of the income distribution, others with high incomes were similarly affected. The pre-tax income share of the top 10 per cent fell during the period from 33.2 per cent to 25.8 per cent.

The main benefit of the redistribution was felt in the middle range of incomes. The next 40 per cent of the distribution saw its share of pre-tax income rise from 43.1 per cent to 49.9 per cent.

At the lower end of the scale the gains were more modest, with the lower half of income earners achieving only a rise in their share from 23.7 per cent to 24.3 per cent.

After taking account of tax the changes in the distribution showed a similar pattern, but with the benefit of the redistribution being more evenly spread. The share of the top 10 per cent in net income dropped from 27.1 per cent to 22.3 per cent.

Over the period as a whole the reduction in the share of the highest pre-tax incomes and the growing impact of tax on middle to upper incomes lessened the influence of income-tax in reshaping the pattern of income shares.

Considering the factors underlying the change the articles refer to a study by the Diamond Commission which found that changes in the lower 90 per cent of the income distribution were to some extent the result of demographic and social changes such as changes in the pattern and extent of marriage, the rise in the proportion of elderly people, the rise in female employment and the increase in numbers in full-time education.

Spanish tour costs to rise

By Arthur Sandles

SUBSTANTIAL rises in the price of package tours to Spain, Britain's favourite foreign holiday destination, are likely for the summer of 1979. Spanish inflation and hotel industry wage claims have more than cancelled out the continued weakness of the peseta on the international money exchanges.

A review of the position in both Spain and Britain by Travel Trade Gazette reports that a mass meeting of Costa del Sol hoteliers this week voted to raise summer 1979 rates to tour operators by 60 per cent.

Wages rose £27 a month on average under recent agreements and more pay rises will almost certainly be conceded within the year.

Study of pension transfers launched

By Eric Short

LORD ALLEN of Abbeydale, chairman of the Occupational Pensions Board, yesterday invited organisations and individuals to submit their views on further measures to prevent the loss of occupational pension rights and expectations when an employee changes jobs.

Mr. David Ennals, Secretary of State for Social Services, asked the Board in March to examine transferability of the pension rights and expectations of employees who change employment.

Lord Allen pointed out that this remit had far-ranging implications and covered many aspects of company pension fund provisions.

The Board was handicapped at the start by the lack of information concerning present practice. It would therefore carry out an inquiry into current practice. A comprehensive questionnaire was being sent to a number of company pension schemes.

The current remit covered areas which overlapped with its other remit from Secretary of State concerning the solvency of pension schemes. It also had areas of common interest with the Wilson Committee examining financial institutions.

Lord Allen indicated that the report of the two inquiries would possibly appear under the same cover. Publication would probably take longer than the two to three years envisaged by Mr. Ennals.

Timetable urged for label change

BY CHRISTOPHER DUNN

A CALL for the Government to produce a firm timetable for the proposed changeover to the EEC system of labelling bottles and packets by average quantity has been made by Mr. Rod Pipe, operational research manager of Cadbury Schweppes, the food manufacturing company.

A timetable would help dispel manufacturers' uncertainty, Mr. Pipe says in a paper to be delivered on Monday at the Metrological Control Systems Conference in London.

The Government should also produce codes of practice for manufacturers and weights and measures inspectors, and spell out how flexibly the new standards were to be interpreted.

A five-year transition period from the traditional UK system of labelling by minimum quantities, to be completed by 1981, was recommended by a recent working party report on metrological control systems. But the programme is running behind the proposed schedule.

Mr. Pipe said it was important for the manufacturer to make the change at the earliest opportunity or he might suffer competitively.

"On the other hand he may lay himself open to the charge of exploiting the consumer by putting less in the pack, while still declaring the same amount."

Standards of diligence and enforcement on labelling varied across the EEC. British industry was worried that these different standards would have an effect on inter-state trade, or that sub-standard batches from Europe could be sent back.

"It is likely that little time will be available for the examination of such batches because of the pressure of examining UK products. It is important that some checking is done since it amounts to unfair competition if the standard is poorer than that enforced for home trade."

Mr. Pipe ruled out Government backing, since no publicity was planned for the new system.

Ferry discounts for shareholders

Financial Times Reporter

EUROPEAN Ferries' shareholders will qualify for discounts on two more of the group's sea routes next year.

The company said yesterday that holders of 300 ordinary shares for not less than a year would be offered a 40 per cent reduction in the fare for the Felixstowe-Rotterdam route and 25 per cent for the Larne-Cairnryan route from January 1. European Ferries already offers shareholders discounts of up to 50 per cent on seven cross-Channel services.

EEC transport policy failing, says Rodgers

FINANCIAL TIMES REPORTER

MR. WILLIAM RODGERS, Transport Secretary, has accused the EEC of "failing to grapple with the central questions of transport policy" and concentrating too heavily on harmonising domestic and Community laws.

Writing in the magazine Socialist Commentary, published yesterday, Mr. Rodgers, one of the Cabinet's staunchest Europeans, takes a critical look at the Community and Labour's approach to it.

A democratically-elected European Parliament and the "successful working together of European socialists" will "help raise the sights of the Community," he says.

This would enable the Community to deal with the "larger issues" including those in transport policy such as the relationship between the public and private sectors, the balance between road and rail and the relationship between transport planning, the environment and energy supplies.

Mr. Rodgers said he felt the impact of what he describes as Community's "narrow focus on the minutiae of harmonisation" in the issues of tachographs and Community driving licences. This emphasis often rests on a commitment to federalism which Mr. Rodgers rejects and he calls instead for greater flexibility and liberalism.

However, the tone of his article is optimistic. Much has been achieved and Labour Europeans have "little of which to be ashamed." A year ago it looked as though the Common Market would "again become a polarising issue in the Labour Party." This danger is now passed, he says.

There are those within the party and the Cabinet who do not share Mr. Rodgers' views. One of them, Mr. Anthony Wedgwood Benn, Energy Secretary, said yesterday that he was "confident" Labour would enter the next General Election with a manifesto committed to "fundamental reforms" in the EEC.

Mr. Benn was speaking at a meeting held by the Labour Common Market Safeguards Committee to launch its third annual pamphlet analysing the effects of Community membership on Britain.

Mr. William Rodgers: "narrow focus on minutiae."

The pamphlet examines official figures on the cost to Britain of the Common Agricultural Policy, Community Budget and Trade.

The committee says the direct cost of EEC membership this year will be about £1bn, mostly accounted for by CAP. During the next five years Britain will pay "a staggering" net £3.8bn more into the EEC budget and the committee calculates that Britain's total trade deficit with the Community has risen from £2.2bn in 1975 to £3bn in 1977.

While not calling for Britain's withdrawal from the Community, the committee urges a series of reforms which it wants accepted into the Labour Party's General Election and European Direct Election manifestos.

Mr. Benn emphasised that although there were differences of view within the Labour Party on the issue, the Labour Party was the only party examining and discussing the effects of membership. On Monday the committee plans a demonstration in London to protest at the Common Agricultural Policy and the "food mountains" it has created.

EEC Commissioners 'should meet voters'

BY RUPERT CORNWELL, LOBBY STAFF

THE EEC'S 13 commissioners should adopt a more openly political role and carry the case for the European Community directly to the national electorates to which they are responsible Mr. Christopher Tungendhat, one of Britain's two Commissioners in Brussels, argued yesterday.

Mr. Tugendhart, a former Tory MP, said he and his colleagues should persuade voters to bring pressure to bear on member Governments to make proper use of the opportunities offered by the Community.

That, of course, was a political task which required political skill, he told the City Conservative forum in London. "But then Commissioners are—and should be—practising politicians.

"If we are to succeed in inducing Governments to discard the blinkers they all too often put on when regarding the Community scene, we must be ready to step outside the corridors of power and robustly enter the domain of public debate."

Mr. Tungendhat laid great stress on the initiatives taken by leaders of the Nine at the last European council meeting in Copenhagen to co-ordinate their growth and monetary policies — "The most exciting and potentially the most significant development in the short time I have been a Commissioner."

However Mr. Tugendhat warned that the Copenhagen decisions did not represent a sudden surge in enthusiasm for the European ideal — but were "pragmatic and ad hoc" responses by the Nine to their current difficulties at home.

An empirical approach towards European development was to be welcomed. But if governments continued to use the Community only as a means of dealing with emergencies, its future progress would be seriously distorted. It was up to Brussels itself to spell out the Common Market's advantages and opportunities.

Car running costs rise to 16.46p a mile

BY TERRY DODSWORTH

A NEW car in the UK now costs about 16.46p per mile to run.

Hertz Car Leasing said yesterday that this is a 64 per cent increase from 1974, when average costs were 10.02p a mile. But in the last year the rise has slowed down, due to moderation of new vehicle prices, cheaper petrol, and lower interest rates.

Hertz has based its calculations on a normally-equipped four-door saloon such as the Ford Cortina 1.6L, kept three years and driven 10,000 miles a year. A similar vehicle cost 15.25p a mile to run in 1977, it says.

Expenses in the estimate include petrol, oil, parts, service, repairs, licensing, insurance, interest and depreciation, but the figures exclude costs of garaging, towing and breakdown recovery clubs.

"The largest single increase in any component of our estimate from 1974 to 1978 was a 167 per cent increase in all insurance," Mr. Richard J. Weishaar, general manager of Hertz Car Leasing, said yesterday.

Hertz says the British running costs compare with an average of 16.52p a mile in the U.S. American drivers' expenses are reduced by lower petrol and interest charges.

But in the UK, the price of petrol has been kept fairly steady for the last four years, according to the study. It shows that the cost per mile for petrol has risen by only 26 per cent in this period.

At present petrol costs account for 3.08p a mile, going up to 3.76 when oil, lubrication and other service charges are taken into account. This compares with 4.00p in 1977, the study says.

Real Ale company grows

BY KENNETH GOODING

CAMRA (Real Ale) Investments, the public company closely allied to the Campaign for Real Ale, is expanding again after a period when it put its finances in order.

It is about to complete the purchase of its sixth public house — the Village Blacksmith in Woolwich, South East London — from Courage.

The company says negotiations for the acquisition of two more pubs are at an advanced stage. One is in a Worcestershire village and the other in a city centre in the north east of England.

CAMRA Investments, set up just over three years ago, made its first annual net profit of £1,624 on turnover of £418,649 in the year to the end of January. In the previous years it made net losses totalling £56,299.

Last financial year's profit was accumulated in spite of a 2 per cent rdop in sales volume in the company's pubs.

Mr. Christopher Hutt, the executive member of the board, sai yesterday: "The profit picture in the first few months of the current year has been substantially better."

It would be necessary for CAMRA Investments to establish "reasonable profits" in the next two or three years before it could embark on another period of major expansion.

LABOUR NEWS

Special payments offer for nurses

By Pauline Clark, Labour Staff

THE GOVERNMENT has told union negotiators for Britain's 420,000 nurses and midwives that it is "very ready" to consider a case for special payments for nurses provided this is based on comparisons with, for instance, other health service workers.

Although Mr. David Ennals, Social Services Secretary, made it clear that a claim for compensatory payments in lieu of a productivity deal would not be acceptable under the present pay code, union leaders were "pleasantly surprised" by the alternative offer.

This effectively gives staff negotiators the go-ahead to present a favourable case for special payments based on comparisons with medical staff as well as hospital ancillary workers.

Doctors, like nurses, have been limited to a 10 per cent increase in their latest pay deal, but the Government has accepted a recommendation by the Review Body on Doctors' and Dentists' Remuneration that pay should go up by 28.5 per cent by 1980.

The staff and employers side of the nurses' Whitley Council agreed during their recent pay negotiations that compensation should be claimed because it was inappropriate in view of the nature of the job for nurses to ask for productivity bonuses.

Shipyard wins parity deal

ABOUT 400 workers at Clelands Shipbuilding Company on Tyneside are to get an average pay increase of £12 a week, backdated to January 1, in a deal which gives them parity with Swan Hunter.

The award, by the Central Arbitration Committee, will give each man about £350 back pay.

Mr. George Arnold, Tyne chairman of the Confederation of Shipbuilding and Engineering Unions, said that the deal featured guarantees by the union of similar flexibility of labour arrangements at Clelands to those agreed at Swan Hunter shipyards in the wake of the Polish ship dispute earlier this year.

Although part of British Shipbuilders, Clelands is independent of Swan Hunter Shipbuilders, and is the only other new shipbuilders on the Tyne.

The Wallsend yard specialises in the construction of ships of up to 6,500 tonnes, and is working on three vessels. Clelands said yesterday that the deal would apply to steel workers, joint outfitting trades, and ancillary workers.

Inquiry to be held into NCB opencast plan

A LOCAL public inquiry is to be held into an application by the National Coal Board to mine coal by opencast methods at the 780-acre Buckhead site, County Durham.

The inquiry will also cover the Board's associated application for an order temporarily suspending public rights of way across the land and consider the compulsory rights order made in respect of certain parts of the site.

If the proposed work is authorised, the Board expects to obtain 1.5m tonnes of good quality steam-raising coal from the site over about 7½ years.

The inquiry will be held at the Scarth Memorial Hall, Staindrop, Darlington, Co. Durham, on July 12 at 10 am.

Objections to the Coal Board's proposals have been made by Durham County Council, Teesdale District Council, Cockfield Parish Council, Council for the Protection of Rural England, three owners of land comprised in the site, and 50 individuals.

Low Paid Price Index launched by CPSA

BY PHILIP BASSETT, LABOUR STAFF

TRADE UNION appeals for a separate index to monitor movements in the cost of living for lower-paid workers were answered yesterday by the launching of the trade union-backed Low Paid Price Index.

The first results of the index show that retail prices for the lowest-paid workers—the poorest 10 per cent of wage earners, earning £55 a week or less—increased in four years by 4.6 per cent more than the average.

The index, jointly calculated by the largest civil service union, the Civil and Public Services Association, and the Low Pay Unit pressure group, is based on price information collected for the Government's Retail Price Index.

The index does not include information on large proportions of non wage-earning households to make sure that it is fully acceptable as an instrument in collective bargaining.

No account is taken of possible variations in quality and price of goods bought by low-income households, although if this "consumer detriment" exists then the index probably understates the true effects of inflation on the low-paid.

The main difference between the new index and the Retail Price Index is in the expenditure weights used. Since the low-paid spend more on necessities than other households, the new index will reflect relative changes in the prices of goods such as food and fuel.

The index for this April was 201.9, based on a January 1974 figure of 100. This is an increase of 2.1 per cent on the previous month and 8.7 per cent on April last year.

Introducing the index, Mr. Ken Thomas, general secretary of the CPSA, said his union had backed it because the majority of its members were low-paid. More than 167,000 members are on a basic rate of £49.15 a week.

He said the trade union movement needed the index to see what was happening to the lower paid and so that pay claims could be more aptly fitted to the effect of inflation on low-paid workers.

Mr. Len Lever, CPSA president, said the union would use the index to prepare for its 1979 wage claim. Incomes policies showed that the poor got poorer, and he said: "For next year we are quite determined to see the pay battle of the century if the Government tries to get something through on a softly, softly basis."

Civil Service unions may see PM on closed shop

BY PHILIP BASSETT, LABOUR STAFF

THREE Civil Service unions pressing for a closed shop in the service are considering approaching the Prime Minister to try to get the Government to improve on its closed shop offer, Mr. Leslie Moody, general secretary of the Civil Service Union said yesterday.

The Government has offered the union, the Civil and Public Services Association and the Inland Revenue Staff Federation a closed shop. The proposals include wide exemption provisions, reminiscent of the agency shop proposals, including a charity option, in the Conservative 1971 Industrial Relations Act.

Mr. Moody, writing in his union's journal, said that the Government proposals amounted to "a thinly disguised rejection" of the closed shop claim submitted by the three unions.

"The Government would have been more honest if it had rejected the claims outright, but that would have been embarrassing for a government that has taken so much credit for enacting legislation to permit union membership agreements in industry."

The proposals put to the three unions were so "ludicrous" that the Civil Service Department must have known in advance that they would be rejected.

The Government's demand that any agreement should be preceded by a national ballot of all 400,000 basic grade civil servants, including 50,000 non-unionised staff, ought to cause "serious alarm," Mr. Moody said.

It represented an attempt to interfere in union machinery which carried grave implications going beyond union membership agreements. The moment a trade union allowed an employee to decide when there should be a ballot on any issue the union would give up a crucial part of its freedom and independence.

White-collar section prevents union merger

BY ALAN PIKE, LABOUR CORRESPONDENT

A SUGGESTION that the Amalgamated Union of Engineering Workers might have to complete a full merger of its sections without its white-collar group was made yesterday by Mr. John Boyd, general secretary.

Mr. Boyd said in the union's journal that the continuing refusal of TASS, the white-collar section, "to submit their existing full-time officials to a democratic vote of their own members" was the chief reason for the failure of full merger proposals. At present, the union's engineering, TASS, foundry and constructional sections operate as a loose federation.

Mr. Boyd said the engineering section "must forge ahead with whatever amalgamations are possible, including our foundry and constructional sections."

At its conference last week TASS gave qualified approval to a ballot on a full amalgamation but is insisting that there must be no future use of the law to change the constitution of the new union.

In his article Mr. Boyd criticised TASS leaders for not accepting that their full-time officials should be subject to a ballot vote of their members. While this could be interpreted as a violation of their existing contracts of service it was "really a small price to pay" for the opportunities which full amalgamation would bring.

"As one who has stood in more elections than any other full-time official in our union, I can testify that nothing brings greater satisfaction, confidence, independence and inspiration than to know you have submitted your work to the tribunal of your own members and have received their endorsement of your stewardship. This is real security."

Firemen protest at royal visit

ESSEX firemen were handling only emergency calls yesterday in protest at the expense of a reception planned for later this month when the Duchess of Kent opens a new brigade headquarters.

The men say the reception for 600 people at Brentwood on June 12 is a "waste of money" when the fire service and other public services are short of funds.

Electrical fault 'could endanger jobs'

THE six-week-old strike by electricians at Nairns Floor Factories could delay installation of £14m worth of plant, the Kirkaldy company said yesterday.

A major electrical breakdown during the strike would have put jobs at risk. "Lay-offs would be inevitable and there would be serious long-term effects on the future of the company," a spokesman said.

Mr. Tom Jones, leader of the Electrical, Electronic, Telecommunications, and Plumbing Union strike committee, said yesterday that non-union foremen were doing work normally done by electricians.

The official strike was over the company's refusal to continue paying locally-agreed benefits.

Tate buys Style family portrait

SALEROOM

BY ANTONY THORNCROFT

The second day of the sale of the contents of Wateringbury Place, in Kent, by Christie's brought n £539,824 for a two-day total of £1,171,634, comfortably above forecast.

In the morning session pictures sold for £167,515, with a top price of £20,000 (plus the 10 per cent buyers' premium), paid by Leggatt Brothers on behalf of the Tate Gallery for a portrait of William Style of Langley, painted in 1636. The Style family built Wateringbury, in its present form, in the early 18th century, and it is a descendent, Mr. David Style, who acquired the house in 1945, who has now disposed of both the house and its furnishings.

In the afternoon, a Louis XV boulle bureau mazarin, in the manner of Jean Berain, sold for £42,000; and Partridge Fine Art gave £34,000 for a suite of early George II seat furniture, attributed to William Kent; Woods Wilson paid £22,000 for an Anglo-Indian ivory-laid clothes press of the late 18th century; and a New York buyer acquired a pair of George III ormolu-mounted marquetry table cabinets for £20,000.

Other high prices were the £19,000 from Redburn for a pair of Regency simulated rosewood and parcel gilt bergeres which came from Northumberland House in London, and the £17,000 for a Queen Anne scarlet lacquer cabinet on chest. The new onwer of Wateringbury, an Iranian who paid £250,000 for the estate, also bought two beds, the George IV "Ashburnham" bed for £8,000, and a Queen Anne bed for £7,500.

Stanley Gibbons auction of playing cards held in London yesterday totalled £15,200. Some of the highest prices realised were for Belgium playing cards, with an attractive 78 card tarot, by Louis Biot, dated around 1800, selling for £310. Another Belgium 52-card pack depicting the battle scenes of the Franco-Prussian war on the Aces, estimated at £75, realised £100.

An Austrian tarot pack by Carl Holdhaus of 1850, with trump cards showing the menial occupations of the poorer classes fetched £240. A modern American anti-drug pack attracted the keenest bidding. Portraying various drugs and their details it was estimated at £12 but sold for £80.

At Sotheby's a two-day auction of Japanese prints and illustrated books totalled £233,665. The best price yesterday was the £5,200 for a three volume illustrated book by Sokyu, printed in 1803. A silver sale at Sotheby's made £30,680, a George III vinaigrette selling for £900.

GAS:

the best quality controller for industrial premium processes

What you do:

Change to GAS

What you get:

fewer product rejects

finer firing control

consistent quality

less pollution

easier working conditions

Gas is the best fuel for premium usage. Economical, versatile and efficient it will improve the quality of your products.

You'll get higher and consistent quality and less rejects. And so a better looking balance sheet at the end of the day.

Find out more by ringing the Industrial Manager of your local British Gas Region and he'll arrange for a technical representative to call. Or send in the coupon today.

To: British Gas, Industrial Sales, 326 High Holborn, London WCIV 7PT.

I would like to know more about how gas can improve quality.

Name____________________

Company____________________

Position in Company____________________

Address____________________

Tel.____________________ 378

BRITISH GAS

Gas gets on with it

Anglo American Gold Investment Company Limited

(Incorporated in the Republic of South Africa)

CIRCULAR TO MEMBERS AND NOTICE OF GENERAL MEETING

An announcement was published in the Press on March 31 *1978 advising members of a forthcoming private placing by* the Company with certain South African financial institutions of R25 million 10.5 per cent redeemable cumulative preference shares. The issue is expected to be effected on July 1 1978 and the proceeds will be used to reduce short term borrowings and to finance new investment commitments. The new preference shares will have an average life of approximately four years and will carry no conversion rights. nor is it proposed to obtain stock exchange listings for them.

In order to place the Company in a position to issue redeemable cumulative preference shares on the announced *date of July 1 1978, for the capital amount and* at the dividend rate referred to above, it is necessary to hold a general meeting of members to approve special resolutions to change the Company's preference share capital structure as well as to *amend the Articles of Association insofar as they contain* conditions relating to preference shares. The meeting will also be asked to pass an ordinary resolution empowering the directors to issue the preference shares.

The Company presently has an authorised share capital of R28 200 000 divided into 22 200 000 ordinary shares of R1 each and R6 000 000 7.5 per cent redeemable cumulative preference shares of R1 each. In order to avoid the expense of creating additional preference shares it is proposed to sub-divide the existing R1 preference shares into 60 million shares of 10 cents each. No fixed dividend rate and no *redemption terms will be specified in the* Articles of Association but the directors will be empowered to fix the rate and redemption terms at the time of issue.

The amendments which it is proposed to make to the Articles of Association will enable the Company to make the necessary changes to the preference share capital structure and provide for the determination of the dividend rate and redemption terms of any issue by the directors or the members in general meeting at the time of issue.

The directors propose to make a private placing of 25 million of the 10 cent preference shares at an issue price of R1 a share (i.e. at a premium of 90 cents a share) such shares being entitled to a dividend of 10.5 per cent on the issue price. It is also intended that the shares to be issued will be redeemed in four equal half-yearly tranches commencing on July 1 1981. The balance of 35 million preference shares will remain in reserve, and there are no plans for their issue at the present time.

Since December 31 1977, the date of the last financial year end, no capital of the Company has been issued for cash or otherwise, nor have any commissions, discounts, brokerages or other special terms in connection with the issue or sale of any capital of the Company been granted. No capital of the Company is proposed to be issued or is under option, or agreed conditionally or unconditionally to be put under option.

NOTICE IS ACCORDINGLY HEREBY GIVEN that a general meeting of members of Anglo American Gold Investment Company Limited will be held at 44 Main Street, Johannesburg, on Friday June 23 1978 at 10.15 for the purpose of considering and, if deemed fit, of passing, with or without modification, the following special and ordinary resolutions in terms of the Companies Act, 1973, as amended:

Special Resolution No. 1

"That the Articles of Association of the Company are hereby amended in the manner following:

(a) by the deletion of existing Article No. 56 bis and the substitution therefor of the following:

'56 bis Subject to the provisions of the Statutes, any preference share may with the sanction of a Special *Resolution be issued on the terms that it is, or at the* option of the Company is liable to be, redeemed.'

(b) by the adoption of the following new Article numbered 62A:

'62A The Company may from time to time by Special Resolution convert any of its shares, whether issued or not, into shares of another class or classes, and *attach thereto, respectively, any preferential, qualified,* special or deferred rights, privileges or conditions.'"

Special Resolution No. 2

"Subject to the passing and registration of special resolution No. 1:

That in terms of sections 75(1)(e) and (i) of the Companies Act, 1973, as amended, and Article 60 of the Articles of Association of the Company, the 6 000 000 7.5 per cent. redeemable cumulative preference shares of R1 each in the capital of the Company, be hereby divided into 60 000 000 redeemable cumulative preference shares of 10 cents each which shall be subject to the terms and conditions contained in the Company's Articles of Association."

Special Resolution No. 3

"That subject to the passing and registration of special resolution No. 2 above, Article 169 of the Articles of *Association of the Company be replaced by the following* Article:

'169 The following terms shall apply to the redeemable cumulative preference shares of 10 cents each (the "preference shares") in the capital of the Company:

(i) The preference shares shall confer the right to receive out of the profits of the Company, which it shall determine to distribute from time to time, a fixed cumulative preferential dividend (the "preference dividend") calculated on the issue price, in priority to any payment of dividends to the holders of ordinary shares and in priority to the holders of other shares in the capital of the Company which shares, as to the right to payments of dividend, do not rank prior to or *pari passu with the preference shares.* The rate of the preference dividend shall be determined by the directors or by the Company in general meeting before or at the time of the allotment of any such shares. The preference dividend shall be calculated and payable, half-yearly in arrear, on 30th June and 31st December in each year in respect of the half-yearly periods ending on those dates.

(ii) The first preference dividend in respect of any new issue shall be calculated on a daily basis from the date of allotment of the preference shares until the next due date for a preference dividend (both days inclusive), and thereafter on a half-yearly basis.

(iii) The preference shares shall confer the right, on a winding-up of the Company, in priority to any payment to the holders of ordinary shares and the holders *of other shares in the capital of the* Company not ranking prior to or pari passu with the preference shares to the repayment of an amount equal to the price at which the preference shares were originally issued together with any arrears in the preference dividend (whether declared or not) calculated to the date of commencement of the winding-up.

(iv) Save as set out in (i), (ii) and (iii) the preference shares shall not be entitled to any further participation in the profits or assets of the Company, or on a winding-up, in any of the surplus assets of the Company.

(v) The registered holders of the preference shares shall not be entitled to vote, either in person or by proxy, at any meeting of the Company, by virtue or in respect of the preference shares, unless any one or more of the following circumstances prevail at the date of the meeting:

(a) the preference dividend or any part thereof in respect of the first period or any subsequent half-yearly period remains, whether declared or not, in arrear and unpaid after six months from *the due date thereof;*

(b) any redemption payment remains in arrear and unpaid after six months from the due date thereof;

(c) a resolution of the Company is proposed which directly affects the rights attached to the preference shares or the interests of the holders *thereof, including a resolution for the winding-up* of the Company or for the reduction of its capital.

(vi) Subject to the provisions of paragraph (vii), the terms of the preference shares may not be varied, and no shares in the capital of the Company ranking, as regards rights to dividend, return of capital or redemption, in priority to or pari passu with the *preference shares shall be created, without:*

(a) the prior written consent of the holders of at least three-quarters of the preference shares; or

(b) the prior sanction of a resolution passed at a separate class meeting of the holders of the preference shares in the same manner, mutatis mutandis, as a special resolution, and the provisions *of these presents relating to general* meetings of ordinary shareholders shall, mutatis mutandis, apply to any such class meeting, except that a quorum at any such class meeting shall be three persons holding or representing by proxy at least one-third of the preference shares, provided that if at any adjournment of any such class meeting a quorum is not so present then the provisions of these presents relating to adjourned general meetings of ordinary shareholders shall, mutatis mutandis, apply.

(vii) Subject to the provisions of the Act, the Company shall be obliged to redeem the preference shares at par plus a premium in an amount equal to the premium at which they were originally issued, at such time or times as may be determined by the directors or by the Company in general meeting at the time of issue of any such preference shares.

(viii) There shall be paid on any preference shares redeemed all preference dividends (including any which are in arrear) accrued in respect of the same, down to the date fixed for the redemption thereof, and the preference dividends thereon shall cease to accrue from that date unless upon surrender of the certificate of such preference shares payment of the *redemption moneys shall be refused by the Company.*

(ix) The Company shall not be liable to a preference shareholder for interest on any unclaimed redemption moneys.'"

Ordinary Resolution

"The subject to the passing and registration of special resolutions, Nos. 1, 2 and 3 above, the directors are hereby authorised to allot and issue all or any portion of the 60 000 000 redeemable cumulative preference shares of 10 cents each, at such time or times, upon such terms and conditions and to such person or persons, company or companies, as they may determine."

The reasons for proposing the special resolutions are contained in the circular to members which accompanies this notice of general meeting and the effects thereof are apparent from the texts of the resolutions.

Holders of share warrants to bearer who are desirous of attending in person or by proxy or of voting at any general meeting of the Company must comply with the regulations of the Company under which share warrants to bearer are issued.

A *member entitled to attend and vote at the meeting* is entitled to appoint a proxy to attend and speak and, on a poll, to vote thereat in his stead. A member personally present and any proxy appointed to represent a corporation may vote on a show of hands. A proxy need not be a member of the Company. Proxy forms must be lodged with the Company's transfer secretaries not less than 24 hours before the time for holding the meeting.

By order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per M. J. NAYLER
Senior Divisional Secretary

Transfer Secretaries:
Consolidated Share Registrars Limited
62 Marshall Street
Johannesburg 2001
(P.O. Box 61051
Marshalltown 2107)

Charter Consolidated Limited
P.O. Box 102
Charter House
Park Street, Ashford
Kent TN24 8EQ
England

Registered Office:
44 Main Street
Johannesburg
2001

June 1 1978

HOME NEWS

Slower pace on oil hunt warning

By Ray Dafter, Energy Correspondent

NORTH SEA oil operators warned the Government yesterday that its latest proposed licensing policies could slow the pace of offshore exploration.

The UK Offshore Operators' Association protested to senior Department of Energy officials about many of the draft conditions for the sixth round of licensing.

Mr. Anthony Wedgwood Benn, Energy Secretary, has told the industry that he wants the new licences to strengthen British control of offshore oil resources.

He hopes that private companies will offer British National Oil Corporation *a higher stake* than the 51 per cent. laid down in the last licence round and that they will also be prepared *to pay for at least part of* BNOC's exploration costs.

During yesterday's discussions the operators accepted that companies might be willing to meet these terms on particularly attractive blocks. But, they added, the terms would tend to draw funds away from the less attractive concessions.

Welcomed

The sixth round licences covering just 40 blocks were *too restrictive.* There was serious concern within the offshore industry that the momentum of exploration could be affected by the Government's proposals.

It was important that exploration and development should be *maintained if the UK was to* remain self-sufficient in oil and energy into the 1990s, the Association said.

There is not total accord within the offshore industry, however.

Smaller, independent companies have welcomed the Government suggestion that licence groups should have the option of *changing operating companies* when exploration work is replaced by a development project. They see this as an opportunity for them *to gain experience* as operators for at least part of the offshore work.

Larger companies able to carry out both exploration and development work have questioned the need for this innovation.

There is a feeling that British National Oil Corporation might try to gain a greater foothold in the North Sea by assuming the role of operator for the development stage in fields found by an independent company.

As a compromise, offshore oil companies have agreed to urge the Government to insist on exploration and development *operators being designated* at the outset.

High quality architecture for award

By H. A. N. Brockman, Architecture Correspondent

THERE ARE 64 applications for this year's Financial Times Industrial Architecture Award and the quality remains high. *In spite of the low ebb of building activity, the attraction of the* award is firmly established.

Industrial works outside the normal category of factory buildings now occur more frequently. The award conditions specifically *state an interest in structures* which are of practical help to industrial production. Therefore dams, roads and bridges are all included.

The six schemes which have been selected as finalists, and *from which one will be chosen* as the winner of this year's award, are:

Bradford Transport Interchange, Bridge Street, Bradford.
Designer: Regional Architect's Office, Chief Architect's Department, British Railways Board, York.
Builder: Taylor Woodrow (Northern), Wakefield.

Greta Bridge, Keswick Northern By-pass, A66.
Designer: Scott Wilson Kirkpatrick and Partners, Basing*stoke.*
Builder: Tarmac Construction, Wolverhampton.

Brentford Refuse Transfer Station, Brentford.
Designer: GLC Department of Architecture and Civic Design, County Hall, London.
Builder: Bovis Civil Engineering, Westbury.

Computer Building, IBM United Kingdom, North Harbour, Portsmouth.
Designer: Arup Associates, London.
Builder: Taylor Woodrow Construction, Southall.

RMAS Maintenance and Support Centre, No. 3 Basin, 12-15 Dry Dock Support Buildings, H.M. Naval Base, Portsmouth.
Designer: Arup Associates, London.
Builder: Mears Construction, Southampton. George Wimpey and Co., Southampton.

Replacement Boiler Plant, Dingleton Hospital, Melrose.
Designer: Peter Womersley, Melrose.
Builder: Melville Dundas and Whitson, Edinburgh.

The architect assessors for this year's award are: Leonard Manasseh RIBA and Michael *Manser RIBA. The lay assessor* is Sir Charles Troughton, chairman of the British Council.

Caledonian attacks U.S. flights decision

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MR. EDMUND DELL, Secretary for Trade, has been told by British Caledonian Airways that the decision of the Civil Aviation Authority granting rights to fly to Los Angeles to Laker Airways "is bad and requires review. The authority has erred gravely, and the decision must not be permitted to stand."

Mr. Adam Thomson, chairman of the airline, yesterday launched an attack on the authority, claiming that its decision to give the Los Angeles route licence to Laker for a Skytrain operation was "shabby and *unconvincing,*" and the airline would "fight the decision in every possible way."

Mr. Thomson said the airline was *asking* the Government either to reverse the Laker decision, or to order the whole case to be reheard by the Civil Aviation Authority.

"Above all, Caledonian seeks to have the Secretary of State examine why the authority has taken away its licence to give it to a less well-financed airline intending to offer excess capacity on a thinner route than New York, at higher fares than other airlines and, in this day and age, on a stopping service too.

"It *is* a matter of public record that the Laker case was ill-prepared, based not on fact but on guesswork — and totally un*convincing guesswork* at that, whereas Caledonian's case was based on sound economic reasoning and judgment."

Mr. Thomson went on to say that the airline wanted to know why such an important route had been given to an airline which, in its view, was "short *of* a broadly based management structure — a carrier unlikely to be able to support a Los Angeles service under the terms *licensed.*

"I feel sure that if Laker is permitted to commence operations on their shaky proposals, in very short order they will either cease operations, or be back pleading for relief and assis*tance,*" said Mr. Thomson.

"Caledonian believes that it had the better case, but fears that the authority's mind, for what*ever reason, was made* up before the hearing. We seek to expose the decision as a grave error of judgment, one that requires urgent review and one which cannot be permitted to stand."

Mr. Thomson said the airline was appealing on eight basic points:

- The authority's decision was contrary to the authority's statutory objectives, and the guidance given to it by the Government.
- Laker's estimate of passenger *traffic* was guesswork, and thus inadequate to support the grant of a licence.
- The Caledonian product was superior, and better *suited to the* route.
- The Laker service represented a gamble, and that the Secretary of State ought not to gamble with national rights.
- The wider bilateral issues at *stake required a full review* by the Secretary of State.
- The decision wrongly denigrated Gatwick, in that it pre*sumed* that conventional (as opposed to Skytrain-type) services from that airport are not suitable.
- Laker's costs are not reliable —Caledonian says that in the hearing on the case, Laker did not have a timetable of the proposed operation, did not know the sector times, and changed the routeing, but did not know when the change was made or by whom.
- There is some doubt as to Laker's ability to support a Los *Angeles licence.* Caledonian claims that the Laker case, both as to traffic and costs, "has been demonstrated to be highly suspect. The chances of Laker succeeding on the terms licensed are slight, and it can only be a short time before 'relieving amendments' are sought."

Caledonian also made it clear *yesterday that it believes there* is some "hidden reason" for the authority's attitude in the Los Angeles case.

"Caledonian considers that the decision here appealed cannot reasonably have been reached solely from the evidence before the authority in this case.

"The Secretary of State should inquire as to such general policy of the authority in order to determine whether or not such is in accordance with the guidance (as laid down by the Government)."

Extra cash needed for stocks of finished goods reduced

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE additional amount of finance required by industry for stocks of finished goods and raw materials was smaller in the first three months of this year than in any quarter since the late summer of 1975.

The increase in the book value of manufacturers and distributors stocks in the first quarter was £560m, compared with £713m in the previous three months and £4.55bn during 1977 as a whole.

This is disclosed in the latest issue of Trade and Industry magazine.

The decline in the amount required for financing the additional value of stocks reflects the slowdown in the rate of price inflation during the past year.

Indeed, the additional amount of money required was smaller in the first quarter than previously, even though there was *an opposite trend in the physical* volume of stockholding at 1970 prices, where there was a decline of £48m and a rise of £175m respectively.

The figures for the change in physical stocks were published a week ago.

Fixed capital expenditure of manufacturing, distributive, and service industries was £2.82bn at current prices in the first three months of this year, compared with £3.15bn in the previous quarter and a total of £10.76bn in 1977 as a whole.

The physical volume of investment by these sectors declined slightly between the two quarters.

First-class mail users wooed by Post Office

FINANCIAL TIMES REPORTER

THE POST OFFICE is to offer local timetables at its counters giving last posting times for next-day deliveries, in a campaign to help customers make better use of the first-class mail service.

Presently, 65m. first-class letters a year, or 200,000 a day, are posted too late to be delivered on the next week-day.

The Post Office claims that 93 per cent of first-class letters are delivered on the next working day. *Of the remaining 7 per* cent, 2 per cent are delayed by being posted too late, 2 per cent by customer error, 2 per cent by Post Office error, and 1 per cent by travel accidents or hold-ups.

- The first receiver for Viewdata, *the Post Office system* which enables information to be displayed on a TV screen, is now in service on trial. The user is Mr. Dennis Kavanagh, director of GLH Marketing.
- An improved service for overseas payments through National Giro was started by the Post Office yesterday.

The new money transmission *service, which replaces the old* overseas money order service, offers both wider availability and lower charges.

Sim-Chem wins contract

BY KEVIN DONE, CHEMICALS CORRESPONDENT

SIM-CHEM has won the main contract for the construction of three plants as part of UKF Fertilisers' £25m expansion at *Ince, Merseyside.*

The Cheshire-based chemical plant engineering company will build a nitric acid plant, an ammonium nitrate solutions plant and an effluent treatment plant. All will be based on *Stamicarbon technology. The* contract is worth about £15m.

When the expansion programme is completed in 1980 the *Ince plants* will have a capacity of more than 700,000 tonnes a year of nitrogenous fertilisers, *including compounds.*

UKF, the Dutch fertiliser company owned 75 per cent by DSM, the Dutch state chemicals group and 25 per cent by Shell, has been planning the expansion at Ince since 1975.

It has been held up for several years by uncertainty over gas feedstock prices for the UKF ammonia plant, also at Ince. *This problem was resolved last* year when a new supply contract was negotiated with British Gas.

UKF is building a 200,000 tonnes a year nitric acid plant, which will bring capacity at the site up to 470,000 tonnes a year.

MP seeks check on petrol rise

MR. ROY HATTERSLEY, the Prices Secretary, was asked yesterday to mount an urgent Government inquiry into the threatened 1p-a-gallon increase in the price of petrol.

Mr. Stanley Cohen, Labour MP for Leeds South West, said: "Before the suggested increase is permitted, I think the petrol companies ought to be required *to justify in practical terms the* reasons for this.

Minimal return

"I note the comment of a senior official of one of the petrol companies who referred to the fact that they are receiving only a minimal return on their investment.

"*My immediate reaction* is that they must be crying all the way to the bank.

"There ought to be a clear *statement in terms of the profits* at present being enjoyed by the various petroleum companies before the Government agrees to sanction an increase."

Mr. Ken Warren, Conservative MP for Hastings, said: "It is *scandalous* the oil companies should permit price rises when there is a world glut of oil. It is about time they talked about bringing down the price in response to the normal laws of supply and demand."

ENERGY REVIEW

BY JOHN LLOYD

King Coal's hunt for a realm

"KING COAL is back in its rightful place," enthused Mr. Alex Eadie, parliamentary under-secretary at the Department of Industry (and 25 years a miner) when he announced, last week, that the Government would invest £20m in a research programme to ensure that coal substantially replaces oil and gas by the end of the century.

This public endorsement of the need for coal naturally pleased the National Coal Board: few industries, public or private, have such a solid guarantee of growth 20 years hence. But herein lies a problem: 20 years is a terribly long time, even in the coal industry, where lead times for major projects are around 10 years. Here and now, the NCB sees difficulties in getting rid of its coal.

The problem of securing markets is a novel one for the Coal Board. Less than a year ago, the chief concern was to increase production. In an effort, ultimately successful, to persuade the mineworkers that the productivity bonus scheme was a good idea, the NCB, aided by the majority of the Executive of the National Union of Mineworkers, announced that only by greatly increased productivity could the industry's future be secured and with it, that of its workers. But now that the miners are giving the Board the extra coal, the Board is finding itself embarrassingly short of markets.

Steel is the first to be blamed. The industry is taking less than 14m tons of coal this year, against more than 17m tons two years ago. It has cut back its coke order to 1.25m tons over the next five years, less than half its previous take. Matters will probably not get better, in the sense of returning to previous levels of sales, although they may stabilise at the present level, or even rise marginally in the next year or so. It is quite possible, however, that instead there will be a gradual decline.

The domestic (house coal) market has shown a surprising upturn in the last two years: sales are now in the order of 10.5m tons a year (including solid fuel). Solid fuel heaters are proving relatively popular. The Solid Fuel Advisory Service is energetic in its propaganda, pressing for legislation to make a chimney a compulsory feature in new houses, so that the smoke may go up it just the same.

No-one, however, expects great things of this market, in part because it takes a good deal of effort to get a comparatively small rise. Where the same effort could yield much greater rewards—in the general industrial markets—there is still a reluctance to switch, or switch back, to coal.

The key to the NCB marketing strategy is the electricity generating industry, which takes more than 60 per cent of the Board's output. A mutual dependence is the natural outcome of this sort of relationship, but at the moment, the NCB finds its partner, the Central Electricity Generating Board, acting coolly.

On the surface, all is well: the NCB and the CEGB have been linked together publicly for long enough to develop a facility for outward shows of affection. More substantially, the CEGB has said it will take 3-4m extra tons of coal this year, bringing its take to around 75m tons—on condition that the price of coal does not go up again this year (it has already gone up once, by 10 per cent).

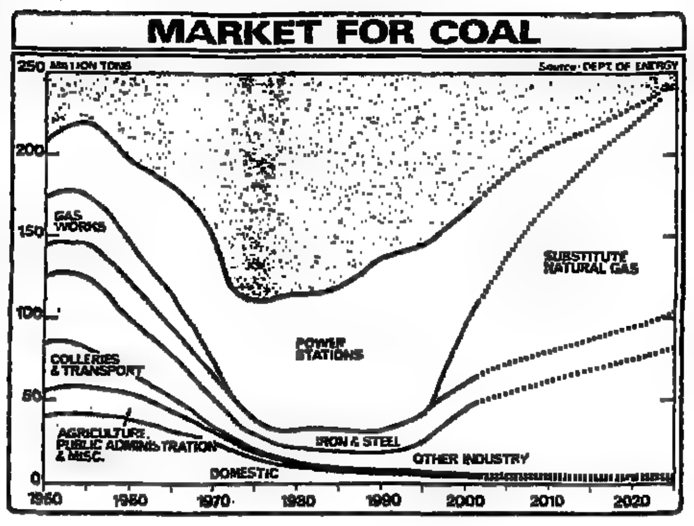
But privately, the CEGB is a little rueful about its own generosity, and thinks it unlikely that it will be repeated. Much of the extra coal taken this year will be stockpiled: the more of it, the better the relative price of oil looks. The CEGB's prime responsibility, by statute, is to keep the price of its product down. It understands and takes account of the national interest, but that is of a lower order of priority.

New market

There is one, largely new, market which might solve a considerable part of the problem of surplus coal production. That is, exports, which at present account for the negligible amount of 1m tons a year. But if the countries of the European Community could be persuaded to buy British coal, then it might become a lifeline.

A plan to use £200m-worth of EEC funds over the next three years to subsidise the sale of power station (steam) coal was drawn up earlier this year by the British and the Germans, the Community's two major coal producers. Its net effect would have been partially to close the gap between imported coal—at around £17 a tonne—and EEC-produced coal—at around £35 a tonne. It would not have done so wholly: but the NCB was quite willing to complete the process by subsidising its own sales abroad by as much as £8 a tonne. In brief, it would have sold its coal at a loss in order to get rid of it.

It was prevented from doing so. On Tuesday of this week, the EEC Energy Ministers failed to agree on the measure, largely because the non-coal producers insisted on linking the proposed subsidy to a demand for greater control over



UK North Sea oil, a demand Mr. Tony Benn, the UK Energy Minister, would not countenance—even though he had fought hard for the subsidy plan.

So the NCB has "lost" a market which it estimated to be as large as 5m tonnes by 1981, though it is continuing to push exports as vigorously as it can and, indeed, expects that overseas sales in the current year will stand between 1½m and 2m tonnes. But it is unlikely to solve many problems: the NCB's marketing dilemma seems set to stretch over the short into the medium term. In certain respects, it now appears that the miners' productivity bonus scheme has produced too much, too soon.

This possibility will soon be tested in open court. Resistance to the NCB's plans to open three new pits in the Vale of Belvoir has taken the form of preparation for a root and branch attack on the entire marketing strategy of the Board, and on the Plan for Coal itself. The local residents' associations, sensing that mere environmental self-interest (the basic reason for their dislike of the proposed developments) would be unlikely to attract much sympathy, have retained the services of Mr. Gerald Manners, Reader in Geography at University College, London, to argue that the NCB has got is forecasts wrong.

Mr. Manners, taking a variety of what he considers to be reliable forecasts, estimates that "British production (of energy) —including the committed gas imports from the Frigg field—in the middle 1980s could range from 385m to 528m tons of coal equivalent (tce), with a middle estimate of some 470m tce. Assuming that energy demands grow at an annual rate of 2 per cent per annum—the Department of Energy's current forecast—consumption by that time will be in the order of 415m tce . . . . All the estimates imply a highly competitive domestic market for energy, and a substantial challenge to the coal industry's plans and planners."

Mr. Manners' argument ranges widely across the *marketing and production* strategies: but it is sharpness when applied to the NCB's prime customer, the electricity industry. Here, he argues both that the narrow price edge coal enjoys over oil — presently around 10 per cent — is insufficiently attractive, and that the future capacity of the CEGB will increasingly mean a reduced role for coal. The bulk of electricity stations recently or presently under construction are oil fired, or oil/gas fired, or nuclear powered. Only 5 per cent — excluding Drax B —is coal-fired.

"The public electricity system in Britain will substantially increase its absolute and relative depenedence upon oil and nuclear capacity between 1976 and 1980 . . . the relative importance of coal-fired stations *will fall during* the same period from 65 per cent to just over 50 per cent of total capacity." Mr. Manners goes on to argue that even these figures overestimate the importance of coal: because of the relative age and inefficiency of much coal-fired plant, it will be retired earlier, and when in use, used less, than other stations. Nuclear stations, he thinks, will take much of the base load.

Peak demand

The CEGB does not associate itself with Mr. Manners' conclusions, though some of its officials know his work and respect it (without necessarily agreeing with it). It sees a strong possibility of an increased take of coal (in relative, rather than absolute terms) up to 1990, when it reckons demand will peak at a *maximum* of 90m tons.

The further problem which the CEGB foresees is that of emissions of sulphur (SO2). Both the U.S. and West Germany are moving towards adoption of strict controls on S02 emissions, which are one of the side effects from coal and oil fired stations. The CEGB reckons that the EEC might wish to impose similarly strict controls in the near future. That will mean either using coal with a very low sulphur content (1 per cent or less), and in turn giving the NCB an electricity market of only around 20m tons; or "scrubbing" the coal at a high capital cost (it is lower for oil). The CEGB thinks its policy of building very tall *chimneys takes care of dispersing* pollutants, but the Norwegians disagree. They claim CEGB sulphur pollutes their land and rivers. They may win the argument.

These conflicting arguments —and others—must in the end be resolved by government. At present, the Government remains "pro-coal," in the sense that it still gives full backing to the targets in Plan for Coal —that is, that the NCB will produce 135m tons a year by 1985, and 170m tons a year by 2000. Last month, it was made clear that it was prepared to subsidise the sale of coal to the electricity industry in order to ensure it was competitive with oil, and to keep the level of take up at 70m tons, or more.

Its reasons for doing so are summarised in the graph on this page. This shows the market for coal dipping down in the early 1970s, recovering slowly in the late 1970s and early 1980s, then more sharply after 1985. The underlying assumption is that oil will begin to price itself out of markets from the mid-1980s—though Department of Energy officials now think that might be an over-optimistic or (depending on where you stand) over-pessimistic view, and that the sharper growth may be delayed until 1990, or thereabouts.

Thus, the Government argues, while it may be true that there will be a short term, and even a medium-term "marketing gap," it is essential to carry the industry over the gap in order to ensure that there are abundant supplies in 20 years' time and into the next millenium. The national interest, seen in the long-term, demands that market criteria—like those applied by the CEGB —*must at times be overidden.*

It is a powerful case, which will soon receive its own form of *public "scrubbing"* in the planning inquiry (or even planning inquiry commission) which will inevitably follow the NCB's application to develop the Belvoir pits. In the short-term, however, it seems likely to involve the Government in paying a subsidy to the largest domestic customer, while—if the EEC subsidy plan does go through—the NCB itself will be paying a subsidy on exported coal into a market which the Government again, as a member of the EEC, is helping to subsidise in the first place.

A funny way to run a coal industry, no doubt. The argument, which still has to be disproved, is that it is the only sane way.

HOME CONTRACTS

Big crane in action soon

WORK ON what is believed to be the world's largest portable crane has begun at McDermott's offshore jacket fabrication yard at Ardesier, near Inverness.

A McDERMOTT concept, detailed design was by Schmidt-Tychsen in Germany, and the crane was fabricated in Europe. Erection is being carried out by Rigging International Europe, of London.

No overall figure for the cost of the crane has been disclosed except that it is "in the region of several millions."

The crane, a twin-boom luffing derrick, will be able to lift 1,800 tonnes at a radius of 50 metres, and 1,000 tonnes at 90 metres, to a maximum height of 70 metres. The frame is 70 by 40 metres.

When the crane has to be moved, built-in jacks at the corners of the frame enable it to be lifted on to four rubber-tyred transporters, which are towed by crawler tractors. The crane should be in operation next month.

★

BROWN BROTHERS AND CO., Edinburgh, specialists in ship motion control, have secured orders in the first four months of this year for seven sets of ship stabiliser equipment worth over £2.5m. Five sets have non-retractable fins. Three have been ordered by a foreign government, one is for Yarrow (Shipbuilders) for the latest MOD (Naval) Type 22 Destroyer and the fifth set is a prototype, designed to suit the U.S. Navy's FFG 7 Frigates. The other two sets of stabilisers are of the Denny-Brown-AEG folding fin design, to be fitted to two roll on/roll off ferries.

★

APEX CONTRACTORS (UK), Bournemouth, is to erect 183 dwellings at Canford Heath, for Poole Borough Council. The work, valued at £1.8m, will take 27 months to complete, and includes roads and sewers.

★

Shell U.K. has placed an order with PRIESTMAN (an Acrow company) for two Sealion pedestal cranes. The cranes have a maximum boom length of 180 ft and a maximum load limit of 100 tons. They are for the new production platform in the Fulmar Field, North Sea. It is understood that, including spares and installation costs, the total value of the order is in the region of £1m.

★

FERRANTI has received a £500,000 order from Conoco North Sea Inc. to supply and install a computer-based supervisory monitoring and control system for the *Murchison Field in the North Sea.* Conoco act as operator for a group consisting of itself, Gulf Oil Corporation and BNOC (Exploration).

★

JOHN MOWLEM AND CO. has a contract worth about £723,000 to build the first two detached advance factory units for the Milton Keynes Development Corporation. Sites are 33 and 39 Burners Lane, Kiln Farm, and a key feature is ability to expand both the office and production areas (from 21,692 to 32,022 sq ft and from 35,465 to 56,813 sq ft).

AAC

Anglo American Corporation of South Africa Limited

(Incorporated in the Republic of South Africa)

CIRCULAR TO HOLDERS OF ORDINARY SHARES AND SIX PER CENT PREFERRED STOCK AND NOTICE OF GENERAL MEETING

An announcement was published in the press on March 31 1978 *advising members* of a forthcoming private placing by the Corporation with certain South African financial institutions of R40 million 10.5 per cent redeemable cumulative preference shares. The issue is expected to be effected on July 1 1978 and the proceeds *will be used to finance ongoing* commitments of the Corporation. The new preference shares will have an average life of approximately eight years and will carry no conversion rights nor is it proposed to obtain stock exchange listings for them.

In order to place the Corporation in a position to issue redeemable cumulative preference shares on the announced date *of July 1 1978, for the capital amount* and at the dividend rate referred to above, it is necessary to hold a general meeting of members at which holders of ordinary shares and the six per cent preferred stock will be entitled to vote to approve special resolutions to change the Corporation's preference share capital structure as well as to amend the Articles of Association insofar as they contain conditions relating to *preference shares.* The meeting will also be asked to pass an ordinary resolution empowering the directors to issue the preference shares.

The Corporation presently has an authorised share capital of R30 000 000 divided into 240 000 000 ordinary shares of 10 cents each, R4 758 750 of six per cent cumulative preferred stock and 1 241 250 cumulative preference shares of R1 each with a fixed 6 per cent dividend rate. In order to avoid the expense of creating additional preference shares it is proposed to convert and sub-divide the existing R1 preference shares into 49.65 million redeemable cumulative preference shares of 2.5 cents each. *No fixed dividend rate* and no redemption terms will be specified in the Articles of Association but the directors will be empowered to fix the rate and redemption terms at the time of issue.

The amendments which it is proposed to make to the Articles of Association will enable the Corporation to make the necessary changes to the preference share capital structure and *will re-designate* the *existing unissued* 1 241 250 cumulative preference shares as 49.65 million redeemable cumulative preference shares of 2.5 cents each and provide for the determination of the dividend rate and redemption terms of any issue by the directors or the members in general meeting at the time of issue.

The directors propose to make a private placing of 40 million *of the 2.5 cent preference shares at an issue price* of R1 a share (i.e. at a premium of 97.5 cents a share) such shares being entitled to a dividend of 10.5 per cent on the issue price. It is also intended that the shares to be issued will be redeemed in *four* equal half-yearly tranches commencing on July 1 1985. The balance of 9.65 million preference shares will remain in reserve and there are no plans *for their issue at the present time.*

Since March 31 1978, the date of the last financial year-end, no capital of the Corporation has been issued for cash or otherwise, nor have any commissions, discounts, brokerages or other special terms in connection with the issue or sale of any capital of the Corporation been granted. No capital of the Corporation is proposed to be issued or is under option, or agreed conditionally or unconditionally to be put under option otherwise than for the purposes of the Corporation's staff option and incentive schemes, for which purposes a total of 851 300 ordinary shares is held in reserve. These schemes were approved by shareholders on June 13 1969 and May 24 1974 respectively.

NOTICE IS ACCORDINGLY HEREBY GIVEN that a general meeting of members including holders of the six per cent preferred stock of Anglo American Corporation of South Africa Limited will be held at 44 Main Street, Johannesburg, *on Friday June 23 1978 at 10.45 hours for the purpose of* considering and, if deemed fit, of passing, with or without modification, the following special and ordinary resolutions in terms of the Companies Act, 1973, as amended:

Special Resolution No. 1

"That the Articles of Association of the Corporation are hereby amended in the manner following:

(a) by the deletion of existing article No. 5 and the substitution therefor of the following:

'5. Subject to the provisions of the Statutes, any preference share may with the sanction of a Special Resolution be issued on the terms that it is, or at the option *of the Company is liable to be, redeemed.*'

(b) by the addition to article No. 57 of the following new sub-article 57(c):

'(c) to convert any *of its shares,* whether *issued or not,* into shares of another class or classes, and attach thereto, respectively, any preferential, qualified, special or deferred rights, privileges or conditions'."

Special Resolution No. 2

"Subject to the passing and registration of special resolution No. 1:

That in terms of sections 75(1)(e) and 75(1)(i) of the Companies Act, 1973, as amended, and articles 57(a)(ii) *and 57(c) of the Articles of Association of the Corporation,* the 1 241 250 6 per cent preference shares of R1 each in the capital of the Corporation be hereby converted and sub-divided into 49 650 000 redeemable cumulative preference shares of 2.5 cents each which shall be subject to the terms and conditions contained in the Corporation's Articles of Association."

Special Resolution No. 3

"That subject to the passing and registration of special resolution No. 2 above, article 3 bis. of the Articles of Association of the Corporation be replaced by the following article:

'3 bis At the time of the adoption of this article the authorised capital of the Company was R30 000 000 (Thirty Million Rand) divided into:

(a) 240 000 000 (two hundred and forty million) ordinary shares of 10 (ten) cents each, and

(b) 49 650 000 *(forty nine million* six hundred *and fifty* thousand) redeemable cumulative preference shares of 2.5 (two point five) cents each, and

(c) R4 758 750 (four million seven hundred and fifty-eight thousand seven hundred and fifty Rand) of preferred stock.

(A) The following terms shall apply to the redeemable cumulative preference *shares of 2.5 cents each* (the "preference shares") in the capital of the Company:

(i) The preference shares shall confer the right to receive out of the profits of the Company, which it shall determine to distribute from time to time, a fixed cumulative preferential dividend (the "preference dividend") calculated on the issue price:

(aa) in priority to any payment of dividends to the holders of ordinary shares and in priority to the holders of other shares in the capital of the Company, which shares, as to the right to payments of dividends, do not rank prior to or pari passu with the preference shares.

(bb) pari passu with the preferred stock referred to *under (B) below.*

The rate of the preference dividend shall be determined by the directors or by the Company in general meeting before or at the time of the allotment of any such shares.

The preference dividend shall be calculated and payable half-yearly in arrear on 30th June and 31st December *in each year in respect of the half-yearly* periods ending on those dates.

(ii) The first preference dividend in respect of any new issue shall be calculated on a daily basis from the date of allotment of the preference shares until the next due date for a preference dividend (both days inclusive), and thereafter on a half-yearly basis.

(iii) The preference shares shall confer the right, on a winding-up of the Company, in priority to any payment to the holders of ordinary shares and the holders of other shares in the capital of the Company not ranking prior to or pari passu with the preference shares *but pari passu with the preferred stock referred to* under (B) below to the repayment of an amount equal to the price at which the preference shares were originally issued, together with any arrears in the preference *dividend* (whether declared or not) calculated to the date of commencement of the winding-up.

(iv) Save as set out in (i), (ii) and (iii) the preference *shares shall not be entitled to any further participation* in the profits or assets of the Company, or on a winding-up, in any of the surplus assets of the Company.

(v) The registered holders of the preference shares shall not be entitled to vote, either in person or by proxy, at any meeting of the Company, by virtue of or in respect of the preference shares, unless any one or more of *the following circumstances prevail* at the date of the meeting:

(a) the preference dividend or any part thereof in respect *of the first period or any subsequent half-yearly* period remains, whether declared or not, in arrear and unpaid after 6 months from the due date thereof;

(b) any redemption payment remains in arrear and unpaid after 6 months from the due date thereof;

(c) a resolution of the Company is proposed which directly affects the rights attached to the preference shares or the interests of the holders thereof, including a resolution for the winding-up of the Company or for the reduction of its capital.

(vi) Subject to the provisions of paragraph (vii), the terms of the preference shares may not be varied and no shares in the capital of the Company ranking, as regards rights to dividend, return of capital or redemption, in priority to or pari passu with the preference shares shall be created, without:

(a) the prior written consent of the holders of at least three-quarters of the preference shares; or

(b) the prior sanction of a resolution passed at a separate class meeting of the holders of the preference shares in the same manner, mutatis mutandis, as a Special Resolution, and the provisions of these presents relating to general meetings of ordinary shareholders shall, mutatis mutandis, apply to any such class meeting, except that a quorum at any such class meeting shall be three persons holding or representing by proxy at least one-third of the preference shares, provided that if at any adjournment of any such class meeting a quorum is not so present then the provisions of these presents relating to adjourned general meetings of ordinary shareholders shall, mutatis mutandis, apply.

(vii) Subject to the provisions of the Act, the Company shall be obliged to redeem the preference shares at par plus a premium in an amount equal to the premium at which they were originally issued, at such time or times, as may be determined *by the directors or by the* Company in general meeting at the time of issue of any such preference shares.

(viii) There shall be paid on any preference shares redeemed all preference dividends (including any which are in arrear) accrued in respect of the same, down to the date fixed for the redemption thereof, and the preference *dividends thereon shall cease* to accrue from that date unless upon surrender of the certificate of such preference shares payment of the redemption moneys shall be refused by the Company.

(ix) The Company shall not be liable to a preference shareholder for interest on any unclaimed redemption moneys.

(B) The said preferred stock confers on the holders thereof the following rights and privileges but no further right to participate in the profits or assets of the Company, namely:

(i) The right to a fixed cumulative preferential dividend at the rate of 6% (six per centum) per annum which shall be calculated half-yearly up to the 31st December and 30th June in each year, and will be payable as nearly as may be early in February and August in each year.

(ii) The right, in the event of the winding-up of the Company, to be paid in priority to the holders of other shares but pari passu with the preference shares referred to under (A) above the arrears (if any) of the preferential dividend aforesaid to the commencement of the winding-up, and to a return of the capital paid up on such shares before any return of capital is made on the ordinary shares.

(iii) The right to vote at general meetings of the company upon any proposition for the sale of the Company's undertaking, or for altering the regulations of the Company so as directly to interfere with the rights and privileges of the holders thereof, and the right to notice of and to attend at general meetings of the Company.

(iv) The said preferred stock shall only be transferable in amounts of R1 (one Rand) and multiples of that amount.'"

Ordinary Resolution

"That subject to the passing and registration of special *resolutions Nos. 1, 2 and 3* above, the directors are hereby authorised to allot and issue all or any portion of the 49.65 million redeemable cumulative preference shares of 2.5 cents each, at such time or times, upon such terms and conditions and to such person or persons, company or companies as they may determine."

The reasons for proposing the special resolutions are *contained in the circular to members which accompanies this* notice of general meeting and the effects thereof are apparent from the texts of the resolutions.

Holders of share warrants to bearer who are desirous of attending in person or by proxy or of voting at any general meeting of the Corporation must comply with the regulations of the Corporation under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Corporation. Proxy forms must be lodged with the Corporation's transfer secretaries not less than 48 hours before the time for holding the meeting.

Every person present and entitled to vote at the general meeting shall on a show of hands have one vote only, but in the event of a poll every ordinary share shall have one vote and every R1 amount of six per cent preferred stock shall have ten votes.

By order of the board
J. T. Goldfinch
Managing Secretary.

Transfer Secretaries
Consolidated Share Registrars Limited
62 Marshall Street
Johannesburg 2001
(PO Box 61051
Marshalltown 2107)

Registered office
44 Main Street
Johannesburg
2001

Charter Consolidated Limited
PO Box 102
Charter House
Park Street, Ashford
Kent TN24 8EQ

June 1 1978

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Maid of all work

THE ABILITY of a skid steer loader to turn in its own length meant that while drainage trenches were being laid and filled with shale on a section of the M4 motorway, work was able to progress without the closure of any motorway lane.

The skid steer loader was one of a range of three models in the Beaver range from Rearden Plant (member of the Fairclough Group) who is sole concessionaire for the UK, Middle East and Scandinavia for the Italian manufacturer, Macmoter S.P.A.

Available in three power ratings, 28, 40 and 60 hp, the models are called R25, R40 and R60, and apart from construction work, should have many applications in industrial and agricultural areas.

Each model in the range is specifically designed and made as a separate unit with a bucket tailored to individual models and a whole series of attachments including a post-hole auger, pallet forks, grapple forks, and a backhoe with side-shift facility. All the attachments can be changed in about a minute without the driver having to leave his cab.

Apart from its capability of pivoting 360 degrees within its own length, a principal feature of the loader is its application in confined spaces, a great advantage, says the company, for use in poultry houses, market gardens and narrow-aisled warehouses. The models are in current use for digging out and carrying loose material and rubble, trench digging, post-hole boring, topping out silage and handling palleted loads of bricks weighing a tonne.

The company is offering a free, two-day course on product familiarisation and basic maintenance as well as a free, three-day fitters' course for purchasers who wish to carry out their own repair and maintenance programmes.

Further from them at Beaver Marketing Division, Lord Street, Chorley, Lancs. 02572 3651.

A special seat adjacent to a separate set of controls enables the operator of this machine to have full vision when operating the hydraulically actuated back-hoe attachment.

Lifting and stacking

A NEW generation of fork lift "reach" trucks—designed for warehouses and supermarkets and with new "order picking" capabilities—has been produced by BT Lifters, of Sweden, and is now available from its wholly owned British subsidiary, Rolatruc of Slough.

A feature of the machines is the safety elements involved which pre-empt future legislation under the FEM and Health and Safety at Work regulations.

The *machines, which can pick* up and move any form of palletised goods, anticipate—the maker claims—standards that are expected to be introduced internationally over the next two years in the fields of safety, environmental improvement, labour *relations and productivity.*

Among the new BT trucks is the NT 1000 narrow aisle truck which can operate in a warehouse aisle of only 1.5 metres, stacking and removing pallets on platforms up to 6 metres high.

Mr. Roland Green, chairman of Rolatruc, said during a demonstration in Sweden last week of the machines, that BT fork lift trucks had become much more competitive, in the British market as a result of the Swedish kroner revaluation. "Before that we were at the expensive end of the market."

BT—(Bygg och Transportekonomi)—is Sweden's largest manufacturer of fork lift trucks and, in turn, it is a member of the large Swedish co-operative society, the KF group, which operates over 2,500 supermarkets and stores and more than 70 manufacturing companies.

BT itself employs 2,700 people, mainly in two factories in Mjolby, has a £70m annual turnover and operates with subsidiaries in 10 countries with Rolatruc its largest overseas subsidiary.

JAMES McDONALD

● SAFETY AND SECURITY

Solves false alarm problems

THE INCREASE of false alarms from automatic fire alarm systems has caused costly headaches to local fire brigades and, as the number of installations has grown due to recent legislation, it would seem that the problem will escalate.

One of the major causes of false alarms is due to the fire sensor, or sensor wiring, becoming short circuited. Most systems will detect an open circuit sensor and thus produce a fault signal, but the majority of existing systems rely on a contact closure in the fire sensor to produce a fire signal and, therefore, any fault which produces a "short" will result in a false alarm.

Photain Controls of Arundel, Sussex, *believes* it has solved the problem with its system called Firezone which measures the resistance of the fire sensor circuit at all times so that any short or open circuit results in a fault signal only. Designed to produce a resistance between 50 ohms and 1K ohms in the fire condition, it will only emit a genuine fire signal to activate the alarm.

More from the company at Unit 18, Hangar No. 3, The Aerodrome, Ford, Arundel, Sussex BN18 0BE.

Safe petrol storage

ON THE same day that the British Safety Council deplored a million people who currently store petrol in old oil tins and plastic containers in garden sheds, garages, etc., Valor *Partridge launched what the* company claims is the world's safest petrol can.

Developed in concert with Expanded Metal, the can is called the Valor Explosafe and is packed with a honeycomb of thin aluminium foil which breaks down a gallon of petrol into 20,000 cells—each able to disperse heat so rapidly as to prevent build up.

Although the foil is presently in use in the tanks of military and police vehicles, leisure boats, and for industrial applications, this is the first time it has been incorporated in a consumer product.

More on 0384 66463.

Stops car thief

THE theft of a car *every minute* in the UK is increasingly occupying the minds of security device manufacturers—not to mention car owners and the police—and the latest unit to be offered is from Flexton Engineering of Southampton.

Called Securelay, the device isolates all the low tension circuits of the engine, over riding the ignition circuit. It consists of a small box with a multi-contact edge connecting socket on the front panel into which is inserted a key card which takes the form of a small printed board with "finger" edge contacts.

With the key inserted the ignition works normally, but without it the engine cannot be started, the company claims, by any method whatsoever, even by using jump leads or skeleton keys.

Two cards are issued with each unit; the code is known only by the manufacturer who will supply spare or replacement cards only on production of the number of both Securelay and card.

The company states that any competent DIY motorist can install the system using *straightforward connections into existing* wiring in the engine compartment.

More on 0703 36933.

● DATA PROCESSING

Identifies prospects

MAKING use of basic company data arising from its commercial credit reporting business, Dun and Bradstreet has developed a computerised databank called Market Facts File which can provide immediately up to 20 different facts on over 200,000 enterprises in 183 different types of business.

Data for each company *includes its address, line of business,* estimated turnover, formation date, name of parent, chief executive and number of *employees. The information is* updated every two months and is available in various forms including tabular listings, mailing labels, sales record cards, magnetic tape and microfiche.

Users can select companies on a geographical basis, and in many cases on the basis of a postal code—useful in direct mail campaigns because the mailing can then be organised to qualify for a postal rebate.

Lists can be compiled in other *ways: for example, all the* makers of a particular product makers of a particular product a particular area, or sales terri*tories can be established according* to sales potential. More on 01-247 4377.

● ELECTRONICS

Easy board drilling

MEGA Electronics has a mains-powered, low-cost drill designed to effect smear-free holes in copper clad printed circuit boards.

Known as the Varimatic, it includes a precision drill stand *accommodating boards up to 10* × 9in, 42W drill motor, drill bits and ac mains powered control unit, the latter providing continuously variable speed control up to 18,000 rpm.

Thus, the drill is fully controllable to achieve optimum cutting speeds using a range of drill sizes. Its two precision-made collets, which are designed for low inertia and exact drill centring, accept standard ⅛in or 3/32in HSS or solid carbide turbo drill shanks.

Extremely low out-of-balance forces and an accurately defined drill rotation centre ensure vibration-free drilling and, consequently, smear-free holes. These factors combined with the use of the heavy stand and precision collets ensure long drill life, important in applications using brittle drills such as solid *carbide types,* which are susceptible to vibration and drilling inaccuracies. More on 0799 21918.

● METALWORKING

Pipe cutting by laser

A MACHINE has been developed which, using a 400 watt Ferranti MF400 CO_2 laser, will automatically cut thin wall metal tubing to precise lengths without the need for the tube to rotate.

Jointly developed by the Laser Application Group of Culham Laboratory, United Kingdom Atomic Energy Authority Research Group, Abingdon, and A.I. Welders of Inverness, the machine is said to be able to cut most metals and because no mechanical cutting forces are applied to the workpiece, fragile tubing can be accurately cut by this process. The smallest diameter tubing cut by this method is 10mm.

Cutting time is dependent on tube diameter and wall thickness—a typical time for 38mm diameter by 1.5mm wall steel tube is three seconds. The laser *beam is fully enclosed* at all times and interlock guards prevent unauthorised access to it.

More on 0382 89311.

● HEATING

High duty burner

IN COLLABORATION with the Midlands Research Station of the British Gas Corporation, Wellman Selas of Manchester (a subsidiary of the Wellman Engineering Corporation, London) has introduced the type 391 burner to meet demand from industry for high efficiency/high performance combustion equipment.

It is made to operate on the self-proportioning principle which ensures accurate metering of air and gas volumes to the burner nozzle. This, together with the thorough mixing prior to the point of ignition is said to promote high intensity combustion within the burner tunnel and a resultant high discharge velocity.

The company says that the noise level is below that of any comparable burner without detriment to the overall performance.

Further on 021 558 3151.

We shine in a power cut!
generators from 2kVA to 2000kVA for sale and hire - worldwide
DAWSON-KEITH
DK
GENERATORS OF POWER

● PACKAGING

Prints on cartons

ONE DRAWBACK of conventional foil printing techniques using heated head units, says Markem Systems, is its unsuitability for overprinting board cartons due to ensuing difficulties in mounting a hot foil overprinter in-line.

Now, the company has introduced an air-operated overprinting machine which prints "cold." Using hardened steel type and carrier-supported ink, these impact printers operate at rates of up to 150 impressions per minute with no loss of quality at higher speeds.

The maker says its Model 261 is the first cold foil printer to be available in the UK. It will print up to three lines of information, including date or code, price, size and batch number and, mounted in-line on the filling or packaging machine, it applies information to the flap of the carton prior to sealing.

The printing head measures ¾ in by ¾ in and the overprinter can be synchronised to filling lines on a wide variety of cartoned goods including pharmaceuticals, foods, hardware, electrical goods and stationery.

Further from the company at Ladywell Trading Estate, Eccles New Road, Salford. 061 789 8131.

● MATERIALS

Kills off the rats

A POISON which is said to offer 100 per cent effective control against all rats and mice, including the "super" strains, is available from Sorex (London).

Because of the rodents' apparent immunity to most conventional poisons, extensive trials have been carried out in conjunction with the Ministry of Agriculture, Fisheries and Food and the company says total control was achieved by giving each rat only five grammes of bait containing the product Brodifacoum at 20 parts per million.

At the moment, the product will be available for sale to local authorities, pest control firms and to owners of industrial and commercial premises for indoor use only. After further tests, it is hoped that clearance will be granted for outdoor use and subsequently for use by the general public.

More on 01-902 8686.

● PROCESSING

Grinding is quicker

A SMALL MILL is just on the market from Glen Creston, who says its product is suitable for instantaneous grinding of anything fibrous, spongy, elastic, fatty, oily, rubbery, gluey or heat sensitive, including meat, fish, fresh fruit and vegetables, foodstuffs, tobacco, nylon, rubber, etc.

Since grinding is so rapid, says the company, the standard Ultra Centrifugal Mill, is capable of handling many heat-sensitive substances without clogging or caking.

It can be used for batch grinding in volumes as small as 1-2 grammes up to a maximum of 1,000 ml per batch and, for continuous grinding, a cyclone is available. *The grinding mechanism* consists of stainless steel and, says the manufacturer, is specially designed to facilitate cleaning and recovery of ground material.

More on 01-200 1666.

electrical wire & cable?
NO MINIMUM ORDER ANIXTER NO MINIMUM LENGTH
Thousands of types and sizes in stock for immediate delivery
LONDON 01-561 8118 ABERDEEN (0224) 32355/2
MANCHESTER 0 1-872-4915
TRANSFER CALL CHARGES GLADLY ACCEPTED
24Hr. EMERGENCY NUMBER 01-637 3567 Ext.409

هكذا من الأصل

BOOKS

Cam flows on

BY C. P. SNOW

Cambridge Between the Wars by T. E. B. Howarth. Collins, £6.50. 268 pages

In the mid-1920s, Cambridge was quite a small university, with something over 4,000 undergraduates, not much larger than some of the American liberal arts colleges, such as Dartmouth.

At the same time it contained men who, beyond any conceivable controversy, were recognised all over the world as among the great intellectual figures of their time—Rutherford in experimental physics, with a whole group of coming young men: Chadwick, Kapitsa, Blackett, Cockcroft; Dirac in theoretical physics; G. I. Taylor in any kind of physics; Hopkins in bio-chemistry; Hardy and Littlewood in mathematics; Adrian in physiology; Keynes in economics, his reputation confined to the western world, but illustrious there; Wittgenstein and G. E. Moore in philosophy, with similar qualifications; Housman in classical scholarship. The list could be prolonged.

It was an astonishingly creative period. Great creative masters like Rutherford and Hardy usually have no use for professional critics, and in fact those two said so. It is hard to believe that a small university is likely again to hold so much ability of the very highest class.

T. E. B. Howarth saw it all, a little later, when he was at Clare, at the start of a career which took him to the High Mastership of St. Paul's and then back to Cambridge once more.

He thought it was a privilege to live in that atmosphere, and so it was. As a token of gratitude, and out of a historian's curiosity, he has now produced this study of the university between the two wars.

It is an admirable piece of work, witty, judicious, well-researched, and, while he deals with the retrospective heat of a passionate period, still fair-minded. Once or twice he shows a faint inclination not to let the left wing dons get the best of it. Though he writes pleasantly about Hardy's oddities, one mightn't guess from this book that not only was Hardy's the most elegant of minds, it was also the most generous. I say that deliberately, from intimate knowledge.

Since the university was so small, anyone living in the place, as I did from 1928 up to the war, had the opportunity to meet anyone else, and in fact I knew most of the people I have mentioned fairly well, a good many much more closely that that. I can testify that to me nearly all Howarth's judgments appear sensible and wise. Occasionally he accepts popular opinion rather too easily, as about J. B. S. Haldane, and he leaves out a few people of major intellectual talent such as Waddington. But it is difficult to imagine a conspectus of this kind being better done.

This applies also to his general picture of the political climate. It is a stereotype that Cambridge throughout the 1930s was immersed in Marxist politics, and that the young politicos were the supreme undergraduate stars. Howarth examines this version with scrupulous care. By the end of the 1930s there really was a largish slice of the undergraduate population vehemently anti-Nazi and anti-Franco. The Spanish Civil War polarised opinion more sharply than any other feature of the time. But even then, the majority of young men remained hearty, unreflective, more concerned about their personal fates than about all this vague talk of war.

With hindsight, and Howarth brings out this point with entirely justifiable sharpness, the oddest thing is how long, among politically conscious people, the devotion to pacificism lasted. It now seems both inexplicable and mad. It did much harm. Yet the climate was pervasive. I don't think that I have often been accused of succumbing easily to mass opinion, but Howarth points out that I, together with friends usually more sane in their minds, signed a letter protesting against the use of scientific research for military purposes. We signed that letter as late as 1935, and *regretted it ever after.*

There was no excuse. I tried to make what amends I could, and within a few months was applying myself in precisely the opposite sense. So did my friends. We were preparing ourselves for wartime jobs a couple of years before the war began. One moral of that episode is never to sign collective letters.

There were other discreditable phases in Howarth's period, and he deals with them just as faithfully. Fifty years after, it makes one's head swim to have the story retold of how comparatively sane men behaved about the place of women in the university.

Could they safely be granted, not degrees, which was clearly out of the question, but the titles of degrees? It was an axiom that they could never be allowed to dine in a men's college. The first time, on a unique celebratory occasion, was in Christ's in 1925, but that was not to be regarded as a precedent. Perhaps, daring minds suggested, they could be let in once a year? It is instructive to realise how fast social moeurs can change. As also with racial prejudice. Only 50 years ago Prince Duleepsinhji was blackballed from the Hawks Club, and not elected until the entire university cricket team threatened to resign on his behalf.

Uncorking it

BY EDMUND PENNING-ROWSELL

The Winemasters by Nicholas Faith. Hamish Hamilton £7.50. 328 pages

Bordeaux is not only the largest fine wine region in the world; it is also the most interesting, on account of the variations in style and quality of its products, of the complexity of its trading, and, not least, for the personalities involved. The commercial history of Bordeaux is essentially one of competition and conflict: between the growers themselves, at the higher levels as much concerned for prestige as for profit (Mouton-Rothschild's century-long campaign for first-growth status is the outstanding example); between the growers and the merchants, the latter generally having had the best of it, as indicated by the title of this book; and between the merchants themselves. As a result Bordeaux is the most speculative wine mart, as was forcefully demonstrated in the extraordinary boom-and-bust cycle earlier in this decade.

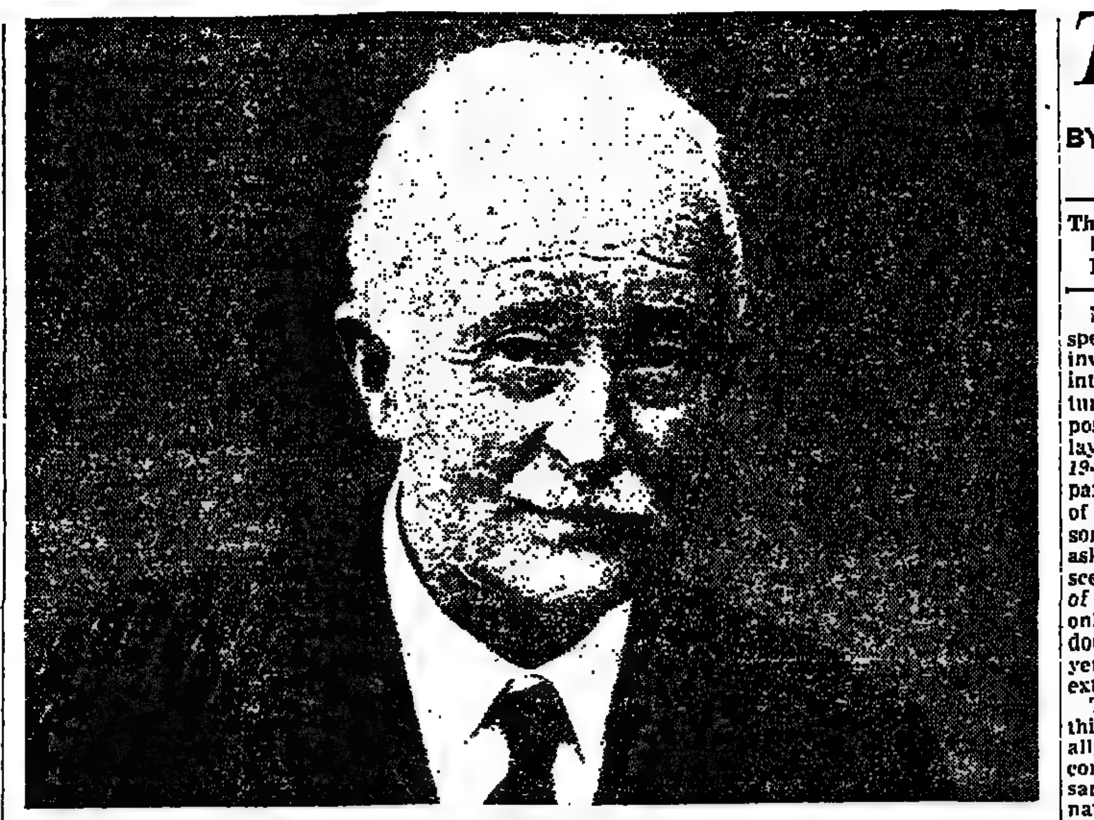
Although this is well known enough within Bordeaux, and glimpsed at by its trade customers, it is doubtful whether it would have received wider publicity had it not been for "the Bordeaux scandal" in 1973. Whether everyone loves a lord may certainly these days be questioned, but a great many people love a wine scandal, which seems to show up the pretensions of the "experts" in a socially sensitive area.

Nicholas Faith has seized on this newsworthy affair to write a history of Bordeaux's merchants, essentially foreign or non-Bordelais in origin, who have dominated the trade for over two centuries; and he had done a remarkable job, accurate, penetrating and entertaining, in delving into the past and near-present of a relatively small community of trading firms and families, unique at least in the world of wine.

Historically concentrated on or near the Quai des Chartrons—and hence known as the Chartronnais—they have provided a commercial aristocracy unlike those foreign colonies in other wine centres, such as Oporto and Madeira, which very much kept themselves to themselves. At their apex for a long period was the Cruse family, and so when they fell in the 1973 case of wine-blending and false documentation, a whole era ended.

Though the "scandal" provides much of the climax, the coverage of this well-researched book is much wider. The story really begins with the arrival of the foreign merchants, mostly Anglo-Saxon and German, in the 18th and 19th centuries, and their history is pursued—through the French Revolution, the boom of the Belle Epoque, the long depression that followed the phylloxera and mildew plagues and the economic slump that scarcely lifted until the 1950s.

It ends with the recent speculative boom and subsequent bust that damaged the merchants so badly—but the growers far less—that the trade will not be the same again. For the traditional merchants have lost much of their independence and some of their personality to the dominant big groups, mostly foreign, who "diversified" into wine as just another commodity, and found it less gold-bearing than their accountants forecast. In dealing with the 1971-73 boom I think that Faith under-estimates the influence of outside investors ignorant of the wine business, and wrong in suggesting that it was spurred on by shortage of wine. The wine was not short, just greatly overpriced, but it is valuable to have his account on record.



John Masefield: born 100 years ago

Masefield's mercy

BY RACHEL BILLINGTON

John Masefield: Selected Poems with a Preface by John Betjeman. Heinemann. £5.90. 320 pages

John Masefield wrote his poetry to be spoken out loud. At the beginning of this century homes and halls rang with his rhymes and alliteration. John Betjeman's father recited "Underneath her topsails, she trembled like a stag" in his bath. My mother would have won an all-England poetry recitation contest judged by Masefield—if she hadn't slipped on the rostrum. The whole of my generation learnt, "I must go down to the seas again" and "Quinquireme of Ninevah from distant Ophir." I can say them still.

This audio-appeal should make him more accessible at a time when words in the air command twice the attention of words on the page. Radio-waves should be ringing with his verse, children should be revelling in the excitement and bombast. In reality the one-time Poet Laureate is almost completely forgotten.

The reason must lie with his kind of words. Heinemann have just brought out a comprehensive but not too daunting volume, *John Masefield: Selected Poems with a Preface by John Betjeman* to celebrate the centenary of his birth. A centenary memorial service was held yesterday in Westminster Abbey. The first most obvious barrier to a modern reader is the great length of many of his poems. "The Everlasting Mercy"—a moral tale of a bad boy's conversion from vice,

"I drank, I fought, I poached, I whored,'
to virtue.

"I kneeled there in the muddy fallow," lasts for 40 pages. "The Widow in the Bye Street" is 50 pages, "Dauber" not much less and "Reynard the Fox" so long that one cannot help echoing the exhausted huntsman's "There've been few runs longer."

In such reams of poetry it is perhaps inevitable that the standard of poetry fluctuates wildly. Some of the descriptions of nature or life at sea are vigorous and evocative. From "Dauber":

"And the fog drew away and
hung like lead.
Like mighty cliffs it shaped
sullen and red."

Although out of context, even they tend to appear overblown. While too often he leaves standing an excruciatingly bad couplet. From "The Everlasting Mercy":

"By this the sun was all one
glitter,
The little birds were all in
twitter:"

Of course Masefield was in the story-telling business, more interested in gaining an effect than the precise use of each word. In "Dauber" he succeeds. It is the story of a young painter who goes to sea in order to paint but finds he is fighting a battle to prove himself both to his shipmates who think him at best "a lee slack" or a "heekapoota" and at worst a "silly sait miscarriage" and eventually to himself. Masefield's own early years at sea where he presumably suffered a similar experience makes it a rich passionate story where lack of finesse hardly matters. His tremendous love of words takes up naval terms and makes them something wonderful or threatening depending on poor Dauber's state of mind.

"The splitting crojick not yet
gone to rags,
Thundered below, beating till
something gave,
Bellying between its buntlines
into bags."

Even the use of dialogue, daring in Masefield's time but often too pat for a modern ear, is usually successful here, sometimes both dramatic and comical as when the bosun addresses Dauber across the flooded ship.

"This ain't the George's Swimming Baths," he yelled.

Dialogue plays a large role in another poem which I found interesting. "King Cole" is a strange mystical story about a circus whose failure and misery is counteracted by the arrival of a stranger. The unreality of the story and the weirdness of the setting work in Masefield's favour, clothing the theme of good and evil in subtler more imaginative dress than he usually allows.

On the other hand, allowing for a few good verses, I found the simplistic morality of "The Everlasting Mercy" uninteresting and unconvincing while "Reynard the Fox" is unendurable. The marvellous place names,

'Through Clench Brook Mill at
Clench Brook Leat,
Through Cowfoot Pastures to
Nonely Stevens
And away to Poltrewood St.
Jevons'

cannot make up for the huntsman's "Clear voice carolling," "Hark, Hollar, Holk," or Edhoick! Eleu!" Nor his idiocy when they break into English,

"O glorious God," he said,
"how jolly."

This line is, in fact, clearly dictated by the need to rhyme with the previous line,

"The dark green gorse and
bright green holly."

Rhyme is another of Masefield's problems. When it works well as in the storm scene in Dauber, it works magnificently, but when over-enthusiasm leads him to excess as it does only too often then it becomes a barrier to sense and form.

A poem called "Australia" which for some reason (lack of enthusiasm?) provoked no rhymes comes as a tremendous relief.

Since few of the poems in this volume are dated and a poem on Gallipoli comes near the end, it is difficult to judge how Masefield's talents developed. However one can see that as the Poet Laureate in later life he would have been well advised to eschew writing a panegyric to Dame Myra Hess.

"Most beautiful, most gifted,
and most wise,
How shall man word the
wonder that you were."

It would also have been helpful, if the aim of republishing the poems is rehabilitation for Masefield, to have a more detailed introduction than John Betjeman's amusing but less than convinced preface.

However there is no doubt that it is an excellent idea to make available the works of a poet who was a major popular figure before there were any of our modern aids to mass communication. Who knows how he has influenced us?

Perhaps if John Masefield were living now we would be enjoying the exciting new medium of the Television Verse Serial.

Fiction

Coming together

BY ISABEL QUIGLY

Antiquities by Val Mulkerns. André Deutsch, £3.50. 134 pages

The Stone Arrow by Richard Herley. Peter Davies, £4.50. 220 pages

Change and Decay In All Around I See by Allan Massie. Bodley Head, £4.50. 158 pages

The form of Val Mulkerns' *Antiquities* makes one question the difference between novel and short story. Val Mulkerns regards herself as a short story writer, but these stories, put together, have the cohesiveness and weight of their joint presence; making a tale that's freer in time, space and atmosphere than it would be in a straightforward novel, more loosely knit and more sparely told, but one that gains in point, in the relative value of this or that event or feeling through its connection with others, earlier or later.

A middleclass Irish family, Dublin-based, though some of the stories are set in France, and one is in an English prison, is taken across three generations, 60-odd years. Politics on the one hand, personal events on the other. The writing is quiet, mainstream, and thoroughly competent; the observation keen. A widowed aunt goes out for the day from an old people's home; a sister is visited in the wan hope that she'll lend money; a child is pulled between two sisters, the rich one who can pay for her schooling, the mother who won't give her up.

Or: a visit to find some garment in a particular shop involves an IRA bomb; a girl's present-day revulsion against the IRA is set against her grandfather's imprisonment after the Easter rising; an old hero has become a mad-eyed fanatic. Comparisons are implicit, not made. And so it goes on, public and private life combining; each story separate and sequential, a bead on a string, yet forming a pattern with the rest.

The Stone Arrow, a first novel by a young biologist, Richard Herley, comes with a warm commendation from Anthony Burgess, no less. It takes a landscape the author knows well—the Cuckmere Valley in Sussex and the coast further west—and puts it back into the New Stone Age, peopled with three emerging civilisations that overlap and often fight for dominance: the farmers, who live in clearings; the nomads, who hunt in the forests; and the rich entrepreneurs who quarry flints with captured slave labourers. An ambitious young farmer seeking leadership in his village raids a nomad settlement and kills everyone—*he thinks*. But the single survivor swears revenge.

The story then has a double excitement: the Crusoe-like theme of lonely survival, using whatever comes to hand; and the technical problem of implementing the vow of vengeance and single-handedly wiping out, with the most primitive weapons, every person, building and trace of life in a large, prosperous, well-fenced village with the most modern conditions and equipment then known. By the end it is done. "In a matter of months no trace of them would remain," the hero realises as he looks down on the smoking, corpse-filled ruin. "The forest would take over, the fields would become overgrown, unrecognisable, and then indistinguishable from the virgin woodlands that had stood unchanged for centuries."

What is remarkable and convincing about the book is its description of a way of life and a landscape. The place at a distance of five thousand years yet recognisably Sussex is shown with beauty, force and care: plants, land formation, soil and swamps, coast and rivers, the encroaching forest with its layered life, human, animal, vegetable.

It is a highly satisfactory first novel, full of information and interest, atmospheric yet solid, suggestive yet almost weirdly recognisable and credible.

About another first novel, Allen Massie's *Change and Decay In All Around I See*, it's not so much a matter of having less to say as of being less positive and confident in saying it. It sends up a small firework of talent that may be the prelude to more or may splutter out and die, producing a derivative sparkle (which suggests above all an ancestral early Waugh), but one with what seems real spirit. Bits are very funny; others less so. The jacket is misleading and rather dreadful: it suggests loud laughter, whereas the book brings smiles, a sort of purring. Atwater, the hero, launched penniless in London after a spell in gaol, finds himself involved with recognisable figures of modern life or perhaps fiction: boozy Australian, intellectual black, Labour peer with invented background at t' mill, Lesbian moral broomstick, girls both luscious and available.

This island now

BY MALCOLM RUTHERFORD

The British Experience 1945-75 by Peter Calvocoressi. Bodley Head. £6.50. 256 pages

Mr. Peter Calvocoressi has spent much of his working life involved in and writing about international affairs. He has turned now to 30 years of British post-war history more or less as a layman. *The British Experience 1945-75* is not the book of a participant: nor is it the book of a journalist in the sense of someone who went round and asked questions behind the scenes. Still less is it the book of an academic researcher, if only because most of the official documents for the period are not yet available. It is rather an extended essay.

There is much to be said for this approach, the more especially if the writer, like Mr. Calvocoressi, is intelligent, civilised sane and well able to make international comparisons and judgments between past and present. Even the neutrality of the title is telling: *The British Experience* suggests a more balanced view than anything called (say) "The Decline of Britain." "The English Sickness" or "The British Disease." Mr. Calvocoressi does not prejudge his subject. He also recognises that 30 years is both a long and a short time. It is a long time for those who live through the period, but a relatively short time for an historian. It is thus possible to argue simultaneously that Britain has not changed enough, while admitting that for many of its people it has changed too *fast*. That is one of the dilemmas of British politics.

And yet the trouble with the sane, balanced approach is that it is likely to end up by stating the obvious. The conclusion of this book does not amount to anything much more than that Britain is a pretty odd place, the majority of whose citizens are not greatly discontented with their lot. The biggest cosmic change which came over mid-twentieth-century Britain, it is noted, was the fact that the country ceased to have and to be an empire. But even that did not make very much difference, if only because few British people had been much involved in or had much cared about the Empire in the first place. The majority of them went on pottering about their gardens much as before. It is also remarked that the British constitution has something in common with that of the Roman republic —"a bizarre balance which worked so long as it was not under too much pressure." But the analogy is not pressed: one is left to assume that in Britain the pressure would have to be very great indeed for the breakdown to occur, and that too is probably right.

Mr. Calvocoressi does go off at times with recipes for change of his own. There is great stress, for example, on the failure to develop industrial democracy as a counterpart to the political democracy already achieved. A similar point is made about the failure of the schools and universities to respond to industrialism in the way that they once responded to the imperial adventure. Also, the judgment occasionally falters: witness, for instance, the comment that the Industrial Relations Act, 1971, was "one of the most significant measures of the century." It is true that the writer means significant in the sense that the Government introduced legislation to deal with its overmighty subjects (that is) the trade unions, only to find that the law was no longer necessarily respected. But there still seems an element of hyberbole, and the comment squares oddly with the statement later in the book that "the silliest remark of the century" was that Britain in the 1970s was becoming ungovernable. Equally, there is little to be said for the flip footnote that "reflation is no different from inflation but is meant to sound less alarming." That may be what Chancellor Schmidt tells Mr. Callaghan, but it is not theoretically true.

For the most part, however, Mr. Calvocoressi has written a book which is both detached and wise. It may not be a very striking conclusion that British democratic instincts and institutions have remained intact despite 30 years of rapid change, but it seems to have been what the majority of the people wanted. There may have been few great successes, but there has also been no panic.

The Commons bites back

BY J. E. SCHWARZ

THERE HAS been talk for years now about reforming the House of Commons, and the need to make it a more effective institution in dealing with government. Although some reforms have been undertaken in the past ten years, the Crossman reforms being the most notable, there is still as much talk as ever about the need for change, because it is widely thought that the House of Commons to-day is not much more effective an institution in holding government to account than it ever was.

What is often overlooked in this discussion is that the House of Commons has in fact become a far more effective institution, certainly in the sense of influencing government policies. Moreover, it is likely to remain so whether or not there is a return to majority government. The need for reform now is, at minimum, not to make the Commons more effective as an agent of influence, but to enable its growing influence to have beneficial rather than detrimental results.

A main criticism of the House over recent decades has been that its procedures and decisions are too much dominated by the Government. The picture many have painted is clear: It is of a House of Commons that has become largely subservient, one that almost invariably gives way to the power and will of government.

Governments could indeed exercise this degree of control in the House of Commons for two decades following World War II, at least until the middle 1960s. It was hardly ever defeated. This is best appreciated by looking at four reasonably typical years during that period (1947-48, 1953-54, 1962-63 and 1964-65). Over those years, one can almost count on one's fingers the total number of times the House altered government policies over the Government's objections either in standing committee or on the floor. It happened a mere 11 times over the entire four years. The greatest number of defeats in any single year was four. It is hardly surprising that, "lobby fodder" is what MPs soon came to be called.

How does this record before 1966 compare to the situation today? The change to the 1974-78 period is in fact dramatic. This period has found the House defeating the Government in committee or on the floor on no less than 122 occasions, on average about 30 times a year. Moreover, as we will see shortly, a substantial part of this cannot be attributed to the minority status of the Government throughout much of the period.

I am not referring here to just a few isolated defeats. Take the standing committees, for example. Over the past three years, the Government has actually been defeated once, twice, or more on 50 per cent of the Bills that have come before the standing committees. Whereas the Government used to lose on only about one division in every 200 in standing committee, its control has so greatly slipped that it is now defeated on about one division in every eight. Surveying a sample of these defeats found that almost 90 per cent were either completely sustained by the floor of the House or sustained so as to be closer to the committee's original viewpoint than to the Government's.

> "The House is no longer the compliant place it once was."

Whether in committee or on the floor, many of the defeats over the past four years have been on matters of significance. These include a series of substantial amendments made to three of the last four Finance Bills and forced upon the Government. Also involved are all the major Bills on constitutional reform, both devolution Bills and the European Assembly Bill. It took three sessions for the Government's Aircraft and Shipbuilding Bill finally to pass. The Government, too, lost the entirety or the guts of its proposals regarding energy pricing, redundancy rebate payment reductions, and dock work regulation. Additional key amendments were forced on the Government's policies relating to pension benefits, racial discrimination, industrial strategy, farm prices: in fact so many areas and matters to be impossible briefly to list.

Clearly, the House is no longer the compliant place it once was. Yet, might not the renewed assertiveness and influence of the House over the past four years be almost entirely due to minority government and thus likely be just a passing phase until majority government is reinstated once again? In fact, this is not the case. The tendency we have seen since 1974 began to appear as far back as the later 1960s.

The later 1960s were years in which Labour had an overwhelming majority in the House of Commons of upwards from 80 members, and the Conservatives had a reasonably solid majority of 28 in the ensuing 1970-74 Parliament. Nevertheless, while two or three Government defeats were usual in the years prior to 1966, from 1968-70 the Labour Government, even with its enormous majority, was handed 10 defeats a year, and the Government was forced to withdraw two of its major Bills, one on industrial relations and the other on reforming the House of Lords. The subsequent Conservative Government in 1970-74 was defeated even more, reaching a zenith of 16 times in 1972-73, including issues as important as counter inflation, fair trading, and immigration.

It is worth noting that the 1974-78 period itself was not one of minority government alone. For about a year (from the October, 1974 election until toward the end of 1975), Labour actually had a small majority in the House. In spite of its majority, the Government was still defeated 26 times over the year in committee and on the floor. This number of defeats under majority government is approximately the same as the average for the rest of the 1974-78 period under minority government. Nor can the reason for this be the presence of only a small majority in the House in 1974-75. For the 26 defeats the government suffered in 1974-75 compare with only four times that the Labour Government was defeated during 1964-65, just a decade earlier, when it had an equally slim majority in the House.

It is essential to note, too, that the defeats of the Government in the House are now of an entirely different character than they previously were. Not so long ago, crossvoting with the opposition was taboo, pure and simple. In the rather few defeats the Government tasted in the House before 1966, only two during the four years sampled were caused by the Government's own backbenchers crossvoting to support the opposition. How things have changed. The famous Rooker-Wise amendment to the 1977 Finance Bill is not the highly unusual case of crossbench voting that it is sometimes made out to be. Instead, fully 64 of the defeats handed the Government by the floor or by the committees of the Commons since 1974 have been a direct result of back-benchers of the Government's parliamentary party crossing over to vote with the Opposition. Backbenchers have simply become much less predictable in the House than they used to be, much less tied to party discipline. It is not just a few rebels from the Government's backbenches who have been involved. On the standing committee alone, no less than 62 Labour backbenchers have been participants in defeating the Government since 1974. They come from all sections and wings of the party. The numbers run up to well over 100 when divisions on the floor are included. And, again, little of this has to do with minority government. It simply follows a trend that began under majority governments prior to 1974, in this case under the 1970-74 Conservative Government, when an astonishing 73 per cent of the defeats it sustained in committee or on the floor were caused by crossvoting.

The House of Commons since 1968 is a very different place from the House that governments used to deal with. It is a more forceful and a less predictable body. It has been so for some time, and it is likely to remain so even if majority government is re-established. This does not mean that reform is no longer needed. Precisely the reverse. For, as the Wales Bill recently illustrated, when on one occasion MPs obviously did not understand what they were voting about when they defeated the Government, to be more independent and more influential are not necessarily the same as to be knowledgeable about what one is doing. Because the House of Commons now has far greater impact in determining the contents of legislation than it used to, and because this is likely to continue, there is all the more need for the House to effect reform to equip itself to address this important task with the competence and care that such a task surely warrants and that is the right of the public to expect.

Mr. Schwarz is Associate Professor of Political Science, at the University of Arizona.

FINANCIAL TIMES REPORT

Friday June 2 1978

Marine and Aviation Insurance

Overcapacity continues to be the bugbear of the marine and aviation insurance sectors, leading to often unprofitable premium rates, severe competition and increasing complexity. The only solution will be a renewed shortage of capacity.

Problem of excess capacity

By John Moore

"THE WORST trading conditions since the war," is how Mr. Keith Williams, chairman of the Institute of London Underwriters recently described the state of the marine insurance market. The aviation underwriters would doubtless agree that the same is true of their markets, for during the past year there has been little sign of any real improvement in both these sectors of insurance.

The weak state of marine and aviation insurance business is not due to any emergence of a whole run of "catastrophe" or other large and unexpected losses. The markets have been mercifully free from any sustained trend in heavy claims. Rather is it the excess underwriting capacity which has swamped the market at a time when the volume of business, *particularly in the aviation side*, has not kept pace with the growth of insurance markets. The result is that premium rates have been slashed to often *unprofitable* levels in an effort to beat the competition and capture whatever business is going.

This problem dates back to the early 70s. In those years favourable underwriting experience led to a rapid expansion of capacity from technically unsophisticated overseas insurers, who decided to develop marine and aviation accounts. To do this they undercut existing rates and bit deep into traditional markets such as London. While many of the overseas insurers were perhaps tyros in the marine and aviation markets they were supported during their years of development by well established non-marine accounts.

Their entry into marine markets hit those more experi*enced insurers at a bad time.* World trade was depressed—as it is now. Around 22m tons gross of shipping are laid up and the shipbuilding order book is roughly less than a third of the level of four years ago.

In the aviation markets underwriters' capacity has grown faster than the demands of the airlines, which in turn are building their fleets around *larger and ever faster aircraft* such as wide-bodied jets and more recently Concorde. Fleets have become leaner and this has led to a reduction in the num*ber of major insurable units*, although the value of the risks has soared. A jumbo jet can have an insured value of around \$50m. But again premium *rates are very weak and there* is growing concern that aviation insurers could suffer heavy losses in the event of a large "catastrophe" claim.

Even the air disaster at Teneriffe in March last year—the world's worst—failed to act as a corrective on premium rates, much to the amazement of some aviation insurers. For *after* the disaster it was widely expected that there would be some hardening of premium rates. But whatever firmness there was lasted only three or four months, and once again competitive pressures proved irresistible.

How aviation insurers are going to cope in the future is a matter for some conjecture. Commercial viability in the long term looks questionable when a single disaster can absorb in excess of a quarter of a total year's premium income.

There are some signs, however, that the newcomers to both marine and aviation markets are themselves having *second thoughts about the long*-term viability of these classes of business. Although there is little evidence they are quitting the markets there is perhaps an easing of their aggressiveness in competing for business.

The newcomers have now been in the markets long enough to build up a claims experience. What they have experienced in the way of claims is not entirely to their liking.

Crystallise

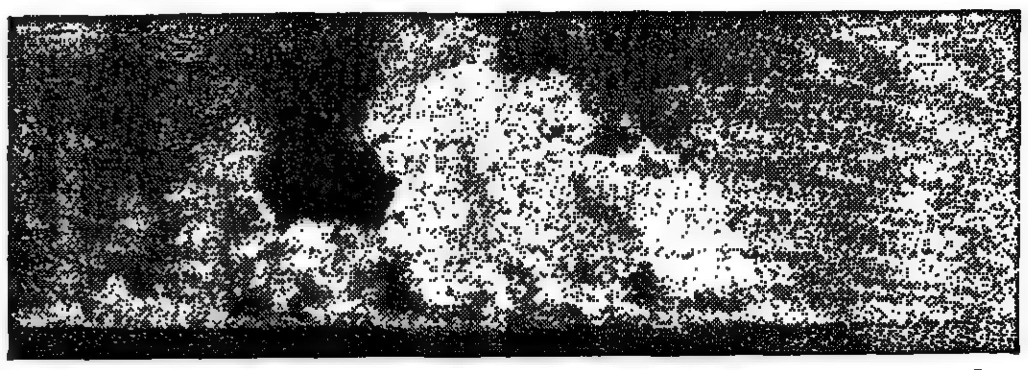
Many of the claims in marine hull insurance take up to ten *years to crystallise. The new* overseas capacity has been largely prepared to write business on the assumption that income from premiums invested before claims *settlement* will offset any pure underwriting loss and give an overall profit. But premium rates are now at levels which make this increasingly difficult to achieve.

Cargo insurance requires much documentation and has pushed up the operating expenses of the insurers. In the aviation markets the litigation involved in the various classes of liability business, which *lengthens the time for* the settlement of claims (as well as placing a question mark over the eventual payout required), has made the usual reserving problems particularly thorny.

In these sorts of competitive markets, although both insurers and the professional associations speak out openly about the con*ditions and acknowledge* that there is need for collective action to stop the rot, there is little that can be done to produce any semblance of order. A *former chairman of the Liver*pool Underwriters Association said recently that a feature of the competitive whirlpool was that "it put intolerable pressure *on market agreements* which over the years have been voluntarily entered into by underwriters to ensure proper control over the conduct of our business . . . what is deplorable is a cynical and deliberate turning of a blind eye to such agreements. Unquestionably this attitude is growing as some underwriters and some brokers alike look for means of circumventing normal methods of rating, or policy conditions, to secure some temporary advantage over rivals."

"*If* a market agreement happens to stand in the way of such action it is often conveniently forgotten."

Even the influential Joint Hull Committee in the London marine market has been forced to relax some of its more onerous guidelines. However, the committee still insists that *it does carry some* weight. There are now *fewer* reductions being given on renewal business in London, although it is probably still true that some of the re*ductions* were not being balanced by compensating *increases* where the results were bad.



The end of another tanker wreck. The forepart of the Eleni V blown up in the North Sea.

For the aviation insurer the answer to the weak premium rate problem has been to arrange an increasing level of reinsurance back-up. This in turn has meant that the total insurance package is often highly complex and this can bring its own troubles. As each new party is brought into the insurance package much depends how each individual understands and is *informed* of his liability on the risk.

This does not always work out satisfactorily and the result is a lengthy and costly legal *dispute in the courts*, often over an issue of disclosure, or rather lack of it. Often the dispute may arise because of reluctance on the part of an insurer or reinsurer to settle a claim where there is any reasonable grounds for repudiation. With premium rates depressed settlements are now made very cautiously on the larger claims.

The marine and aviation markets are only likely to recover once many of the new insurers have written them*selves* into a loss. When that happens they are likely to withdraw from their non-traditional markets. This will create a fresh shortage of capacity which *in turn will harden premium* rates. But as yet such a development looks some way off.

Shrinking marine hull premiums

INSURANCE IS a game for experts, and possibly where the greatest expertise is required at the moment is in the marine hull market. During 1977 the marine insurance market had to battle manfully with a constantly reducing volume of business on offer, cut-throat competition both for hull and cargo business, laid-up tonnage, congested ports, and a heavy year on the casualty front.

The gloomy picture was not *brightened by the International* Association of Independent Tanker Owners, which said recently that in October 1977 the point had been reached where tanker scrappings exceeded deliveries, and that much of the existing tanker fleet was laid up.

The overall shipping recession has left the world merchant fleet growing at below the rate predicted in the early 70s. So the aggregate world hull premiums paid by owners continues to shrink.

The few glimmers of light that do show through are faint indeed. Although it had looked *last year* that the total tonnage lost might exceed 1976's record figure, the actual result was marginally down on 1976.

Some 203 ships, compared with 208, were lost, an aggregate of 1.29m gross tonnes compared with 1.21m. What was encouraging about the latest figures was that during the year there was an increase of 20m tons in world tonnage afloat, and so *last year's* results represented a reduction in the overall loss ratio.

The other encouraging sign was that although the cost of repairs continues to rise the rate of increase slowed along with the rate of inflation. The average worldwide increase was reduced to 4.6 per cent compared with an overall 18 per cent for the previous year. But shipowners have been seeking ways of reducing their insurance costs, which in turn has meant a loss of premium to the marine markets.

Another factor which has left the hull account vulnerable is pressure on other classes of business. In the past the hull all-risks account had traditionally been buttressed by other sections, notably cargo. Cargo rates are under pressure and the market has taken some knocks from shore losses.

Another section which used to *be seen as supporting the* hull account was disbursements and freight insurances, which some owners have now ceased to insure.

The problems of rates have been further compounded by currency movements. While premiums may have been paid in one currency, repair costs may very well have been incurred in another, and the cost of the repairs may have been increased not only by inflation but also by currency fluctuations. The weakness of the dollar, in which a large proportion of the marine account is written, has been a worrying factor.

But by far the biggest problem is the marine markets' ability to take on what perhaps was once regarded as incidental business. The underwriting of large drilling platforms is now presenting the market with a very serious capacity problem. Not only are the values of the platforms themselves reaching figures in excess of \$600m: it is also a high technology risk requiring a detailed underwriting experience. As yet there is little experience to go by.

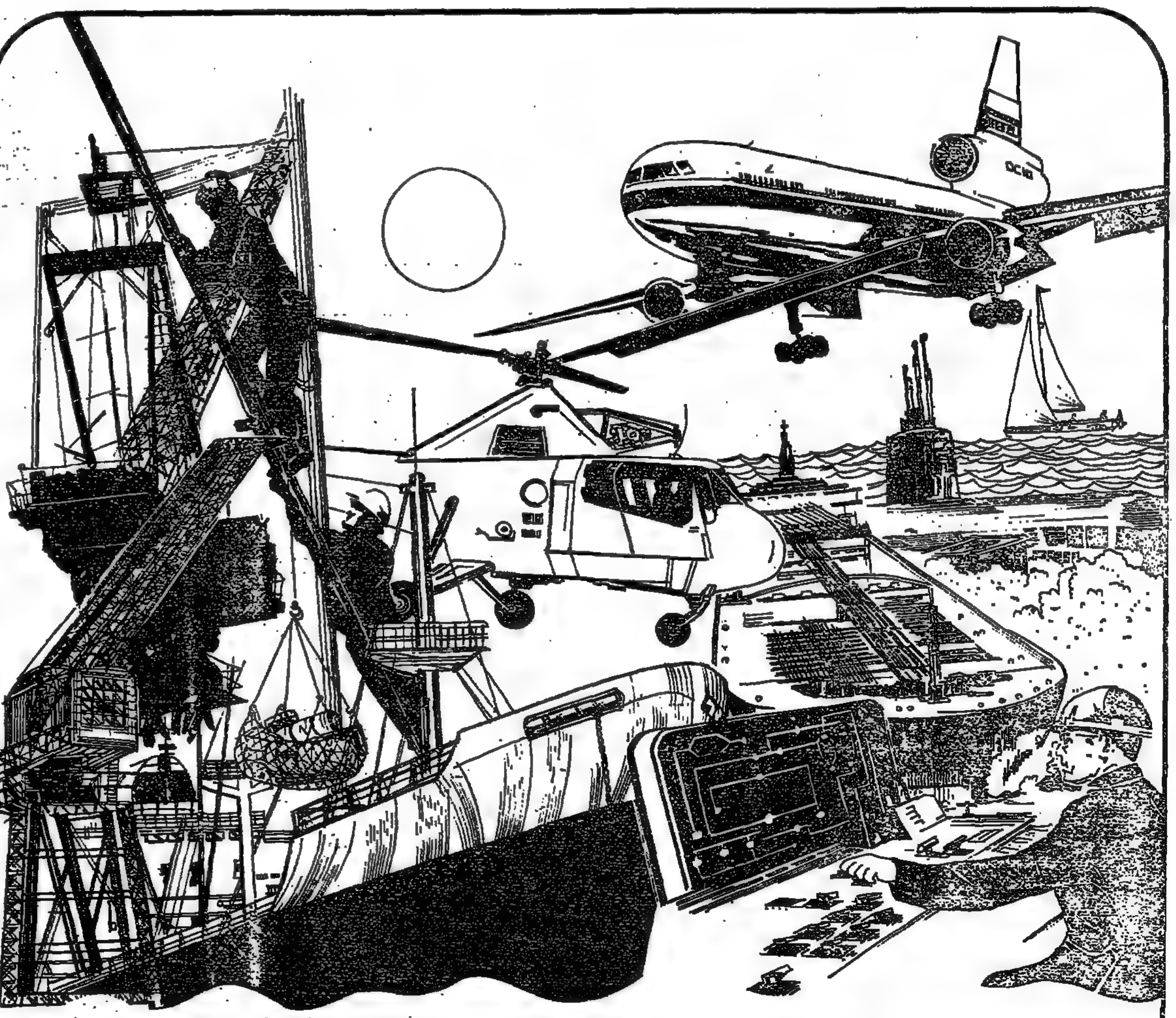
Reserves

The Institute of London Underwriters stressed that this was an important development *in the marine market*, but to meet the ever-increasing value of insurance depended on future underwriting profitability. "Only by retaining part of any *underwriting profit to build up* reserves for the future can underwriters hope to have sufficient funds to enable them to provide the increased capacity required," *said the Institute.*

Market forces are now having an effect on the traditional disciplines and relationships that existed between agents and insurers in the placing and insuring of hull risks. The brokers are pulled in two directions. On the one hand it is in their long-term interests to operate in a stable market with adequate rates offered by competent insurers. On the other they must look to the best interests of *their clients whose own* viability is suspect in current market conditions. This is the source of much controversy.

But the essential difficulty is that of trying to get across to the shipowner that the percentage he pays out for insurance cover is a very tiny proportion of *the total value of the cover*. "Looked at from the hull underwriter's viewpoint, these percentages are, under current conditions, nearly always pitched at too low a level, and no insurer will nowadays admit to the expectation of a profitable outturn to his hull portfolio when all the future *claims* have been settled at the inflated cost anticipated. Why then do not underwriters charge the right premiums? "We all know the answer—competition," explained one marine man.

John Moore



Spread of world competition

[MA]RINE AND aviation are two [cla]sses of insurance business [wh]ich are essentially interna[tion]al. While for prestige [rea]sons the national insurers of [cou]ntries may write their own [ma]rine and aviation fleets, in [ma]ny cases local markets do not [ha]ve sufficient capacity to retain [the] whole of the risk, which is [the]n reinsured. One of the [ad]vantages of the international [ch]aracter of marine and aviation [ins]urance is that a single mar[ket] can build up a reputation for [ex]pertise. Over the years the [Lo]ndon market has been [do]minant. It has enjoyed a [mu]ch wider spread of risk inter[na]tionally than other markets, [an]d thus has been able to take [a] broader view of the business. [Th]e drawback is that when busi[ne]ss is international there are [pl]enty of competitors.

In recent years the capacity [of] the world insurance market [ha]s expanded more rapidly than [th]e risks it has been asked to [in]sure. This expansion has been [br]ought about in a number of [w]ays. Inevitably, after some [pr]ofitable years existing insurers [w]ant to write more of the [bu]siness, which appears to be [pr]ofitable, and many new in[su]rers enter the market—[pa]rtly with a view to earning [lo]ng-term profits, but also [b]ecause they feel that they [sh]ould be represented in those [m]arkets, even though it may [ta]ke years to build up profit[a]bility.

At Lloyd's in recent years there has been an influx of new members. While they have been welcomed by non-marine syndicates, it has not been so easy for them to spread their interests over other markets.

Underwriting agents have found the marine market the most difficult for placing new "names." As a result a number of new "names" have unallocated premium limits. To a great extent they are operating on a wait-and-see basis, so that, depending on circumstances in the future, they can use those limits to best advantage. Understandably, a syndicate underwriter feels that his first allegiance is to his "old" names, and he tries not to take on "new" names unless there will be sufficient premium income for them without a resulting decline in the amount available for "old" names.

Alongside the over-capacity in the insurance market, a massive amount of shipping is laid up and many vessels at sea insured for relatively low figures. Another difficulty has been the changing patterns in shipping, with relatively few large vessels effectively replacing a much higher number of small vessels. World airlines have had problems, although it looks as though many may be emerging from a difficult period.

Naturally premium costs have been of considerable importance for shipowners and airlines. As a result a number of insurers in different parts of the world have taken the current situation as an opportunity to establish themselves in the market, usually by cutting premium rates. No doubt their view is that while this exercise may not prove profitable in pure underwriting terms there is the possibility of making worthwhile profits on the investment side, and in any event such action has been a form of promotion to establish themselves.

Entity

It is easy to talk about the "London market" as if it were a single entity. Admittedly, on important matters there may not be very much difference of view between leading underwriters for syndicates at Lloyd's and those writing for traditional British marine insurance companies. Nevertheless, within that group of experienced underwriters there have been differing views about writing individual fleets. Some underwriters have felt it best not to write business at potentially uneconomic levels, whereas others have been prepared to write the risks for premium income, also taking the view that to renew at what may be uneconomic premium rates now at least should ensure the opportunity to write the business when there is an upturn in rating.

Apart from the old-established market in London, there is a growing capacity from "fringe" insurers, and from overseas insurers or their subsidiaries which have set up in London. Their reason for coming to London has been to write on a direct basis the international business available in London rather than rely on seeing it as reinsurance.

The American Hull Insurance Syndicate in New York, writing for a large number of American insurance companies, has not been quoting below what it has considered to be the margin of underwriting judgment. It has been prepared to let business go elsewhere rather than write it at what it considered uneconomic premium rates.

The severe competition, and thus the loss of business by traditional markets has been confined mainly to "bread and butter" business. At the top end of the scale, where there is still a shortage of capacity, the London market has lost very little business. Although there has been a certain amount of competition from the U.S. and elsewhere in connection with offshore risks, in the main the London market is very much the leading market for that kind of business.

Defensive

In the aviation market there has been most competition for hull insurances. Here many leading underwriters in the London market have adopted an essentially defensive attitude in their underwriting, aiming primarily to retain business. There has been much less competition for liability business, and products liability for manufacturers is still very much a London risk.

In the field of satellite insurances, where world capacity is about $50m for the launch of a satellite, the London market is dominant for direct insurance, with some support from the Continent. So far very little has been written in the U.S.

Throughout the world London is looked upon as the leading market for both marine and aviation insurance. Other insurers, anxious to write a larger volume of business, can take the London rate and amend it as they see fit; they know that the London rate is the result of years of experience and knowledge of worldwide conditions. When shipowners and airlines leave the London market for cheaper cover, whether this is being offered on the Continent, in the Far East or elsewhere, they know that, should they run into difficulty, they can come back to London, because, whatever may happen, the London market will always be there.

While many developing countries are adopting a protectionist attitude towards insurance, sometimes insisting that all insurance must be covered by national insurers, this is not as drastic as it sounds. Usually such markets retain only a small part of the risk, and the balance is reinsured in London and elsewhere. That is partly why the proportion of reinsurance written by the London market has been increasing and can be expected to increase in the future.

An aspect which is taking on increasing significance is security. If there are tough times ahead for marine and aviation insurers, security will be particularly important. Some brokers are pointing out to their clients that, while cover may be obtained more cheaply outside traditional markets, the security will not be so good. It is then for the client to decide; some choose to pay a higher premium for first-class security on part of the risk, to some extent "taking a chance" at a lower rate with the balance of the risk. Leading British insurers have expressed surprise at the volume of business transacted by some overseas insurers—with whom they would not place any of their reinsurance in view of the doubtful security.

Brokers are finding that some relatively small and/or new insurance companies in different parts of the world understandably require reinsurance protection. They are, however, prepared to place such business through a broker only if the broker can provide inwards business, whether direct or reinsurance. As a result there is pressure on brokers to place business with such companies which in other circumstances they might have chosen not to use.

John Gaselee

Aviation product liability

INCREASINGLY the world's airlines, and more particularly the world's aircraft and component and equipment manufacturers, are protecting themselves against possible litigation and substantial damages for any failure involving their products by taking out what is called "product liability insurance." In simple terms this means taking cover to ensure that if in any accident or equipment failure their products are found to have been in any way responsible, however remotely, they are cushioned against claims being brought against them in the courts—and especially the U.S. courts where the tendency is for such claims to be more frequent and the assessed damages much higher.

For the trend in aviation now is for each and every accident, no matter how minor and no matter what the size of the aircraft involved, to be investigated far more thoroughly than ever before. The objective of these investigations is purely safety—to determine the precise cause of any accident, especially those involving passenger fatalities and even more so those involving such fatalities in scheduled public air transport so as to try to find ways of correcting any defects in either products or procedures and so hopefully prevent any recurrence.

But such investigations must inevitably from time to time throw up faults in equipment—in design, in installation or in performance — that probably even the original designers and manufacturers of the items in question could not possibly have foreseen. That does not save them, as some companies have found to their cost, from litigation by passengers who have suffered injury or mere inconvenience, or from relatives of those who may have been killed.

Sometimes, moreover, those accident investigations can pinpoint with absolute precision the cause of a particular accident, indicating the specific item of equipment that is held to have been the root cause of perhaps a chain of events resulting in an aircraft crash and casualties. In such cases the relatives of the deceased passengers, or the injured, are even more likely to begin claims for compensation against the manufacturers of the component involved.

The claims, moreover, are unlikely to be small, and not necessarily confined to passengers and crew. It is not unusual to find other companies whose equipment was involved in an accident themselves suing the alleged offending manufacturer of the faulty item. Whichever way it is looked at, the likely outcome is a bill for many millions of dollars, if not pounds. For with the rising costs of today's equipment, and with the rising levels of insurance on individuals' lives, the bills for damages themselves are escalating.

Collision

The Turkish Airlines' DC-10 crash close to Paris some years ago has already resulted in a pay-out running into hundreds of millions of dollars, and there are other similar substantial insurance and legal liability cases outstanding—for example those arising from last year's collision on the runway at Tenerife between two Jumbo jets belonging to Pan-American and KLM.

There has yet to be a major collision of two Jumbo jets in mid-air over a big city, with the wreckage falling on to business and residential properties below, causing perhaps substantial further damage. But the prospect is horrifying and it cannot be ruled out of any airline's thinking, or of the manufacturers of all the parts that go to make up a modern airliner, for the outcome in damages could be so great as to cripple any airline or manufacturer not covered by product liability as well as hull and passenger insurance.

The importance of product liability insurance in particular is vital for any airline or manufacturer whose products or operations are likely to involve them in operations in the U.S., or in carrying U.S. citizens, for the jurisdiction of the U.S. courts in such matters is widespread—it has been pointed out that "every international airline and most domestic airlines from Chile to Iceland are subject to jurisdiction of the U.S. courts even if their names merely appear in the U.S. telephone books."

There have been examples of U.S. passengers injured on an aircraft of another country while flying over a third country successfully claiming heavy damages in the U.S. courts, and those courts have also heard cases concerning such diverse matters as Japanese citizens killed in Russia, British-made components, French engines, and even a case against one airline alleging that some passengers it had carried had later hijacked a flight of another airline.

The London insurance market is now highly skilled in answering all questions relating to product liability insurance, and can offer advice to companies contemplating this kind of protection. But probably the prime advice, after stressing the need for such cover in today's increasingly expanding aviation activities, is to ensure that it is adequate. Many airlines and companies tend still to believe that cover for say five to ten million dollars, or even pounds, is adequate. By the standards of some recent claims and awards, it is not. But this is what the insurance brokers are able to advise on.

Another factor which is of critical importance is to ensure that full and complete records are kept of every stage of manufacture of every item, because very often the ability to prove that an item was thoroughly tested and inspected at every stage can mean the difference between winning or losing in a court battle over a claim. This would appear to be mere commonsense, but it is not difficult to find insurance brokers who can tell stories of clients who have not bothered to take such elementary precautions.

What this all means is that anyone venturing in any way into aviation today, whether scheduled service public transport or even private-ownership flying, needs to ensure that he is covered in every way against all the contingencies that can arise.

For the airlines, with wide-bodied jets costing anything up to $30m or more and carrying anything between 100 and 400 passengers, and with supersonic airliners costing around $80m, the investment in new fleets can already amount to thousands of millions of dollars. But the volume of product liability can amount to even more. While the premiums payable on this may appear to be substantial, there is no doubt that they are only a fraction of the kind of damages that can be imposed upon any company or airline unfortunate enough to find itself on the losing side in a products liability claim.

Michael Donne
Aerospace Correspondent

Small boats cover

MESSING ABOUT in boats has now become a major leisure industry, with more people seeking recreation sailing yachts or driving power boats or cabin cruisers on both tidal and inland waters. But while engaged in such pastimes, there is still the risk of damage and therefore third party liability. While the boat is moored, there is the risk of theft loss and storm damage. Although there is no legal liability to insure, even for third party liability as is required for driving a car, it would seem obvious that insurance is necessary in order to avoid possible financial loss.

The cost of a boat can be measured in at least hundreds of pounds. A new small rowing dinghy used for fishing offshore would cost at least £300, and a new racing dinghy could cost £1,000 while a four-berth, 24-foot sailing cruiser is worth £4,500.

These days, many yachts and boats are being equipped with more highly sophisticated and technical equipment and gadgets—sails, engines, navigational aids and so on. These items are expensive and their loss would involve the boatowner in considerable costs.

The main yacht insurers on the insurance company side offer a series of standard policies which cater for almost all classes of boats. For example, Navigators and General Insurance, a member of the Eagle Star Group, have three basic contracts. The first covers private and pleasure craft of 16 ft or under in length, the second for private craft over 16 ft and the third, commercial craft such as passenger tripping boats.

These policies are then subdivided into the main classes—speedboats, racing dinghies, pleasure cruisers, and each has its own specifications. The policies are all-embracing in the type of cover provided—third party liability, accidental damage and loss from theft. The damage may occur while the boat is being sailed or driven or it can occur while it is moored. And here there is considerable variation in procedure.

The underwriters report that more damage is done while boats are at their moorings than while they are being used in the water. Although much is written about the danger that amateur sailors are to other sea users, in practice claims are not unreasonable and the underwriters do not seek proof of experience. A badly sited mooring, or a boat badly tied up can be far more of a menace.

There has been a mini-boom in the provision of marinas around the country where boats can be moored in the care of an attendant. Some marinas are run extremely efficiently, others are regarded by the underwriters as virtually uninsurable. The ones in between carry very high mooring excesses. It is usual in any insurance contract covering boats to impose an excess of varying size to cut down on small claims.

Underwriters do, however, check up on the seaworthiness of the boats being insured. As in motor insurance they do not check every case which is put up to them. It would be physically impossible. But they do check up where the boat is some years old or where the sum at risk is high. It is usual to get a survey report from a qualified inspector.

Insurance for boats used for sailing on inland waters is dealt with on a separate policy. It provides among other covers, protection against accidental incursion of private waters. Some owners are very sensitive to boats sailing on their own private waters, naturally enough, and take action against such events. The policy imposes restrictions against sailing on tidal waters, unless a dual type contract is effected, to no more than 14 days in a period. This enables boats to move from one inland waterway to another.

At Lloyd's, contracts tend to be more on an individual basis, with ratings depending not only on types of boats but on areas in which the sailing takes place. Higher rates are charged for sailing in Scottish Western Coast waters for example. Lloyd's operates a no claims bonus system, but the maximum discount is only 15 per cent after five consecutive claim-free years. With motor insurance, discounts are usually 60 per cent.

Contracts are usually for 12 months, but credit is given if the boat is laid up on land for part of the year. This obviously cuts down the chances of damage from winter storms.

Although there is no legal compulsion to insure, most yacht clubs insist that their members have third party cover, usually up to £100,000, before their members are

CONTINUED ON NEXT PAGE

Amended clause for ships' cargoes

MARINE CARGO insurance is often looked upon as the "poor relation" compared with hull insurance. Perhaps this is partly because cargo insurance is written locally, throughout the world, to a much greater extent than hull insurance. While many claims are naturally quite small, the potential for catastrophe is ever-present, as has been demonstrated in recent years.

Sometimes the cargo is worth considerably more than the vessel itself. Apart from that, cargo is insured not only while afloat, but also while stored in warehouses awaiting shipment, or after shipment. Often, because of imbalance of supply and demand, considerable congestion builds up, with the result that there are large accumulations of risk. During the last few years there have been huge fires at Julfa on the Russian/Turkish border and on the Continent, plus serious flooding at Hamburg.

While it might be thought that the large influx of materials and goods to the Middle East would have been welcomed by both shipowners and insurers during a world trade recession, plenty of problems have arisen for both parties because of the serious congestion at many ports.

Understandably, where possible owners of modern tonnage have preferred to employ their vessels to better purpose than waiting for months to discharge at a Middle East port. Often therefore it has been only the poorer tonnage which has been used for that trade. For insurers there have been repercussions, since in many cases prolonged storage in poor vessels has disastrous effects on cargoes.

Concerned about the continued use of old and sometimes sub-standard vessels in the carriage of cargo, the London insurance market, after much discussion, has amended the Institute Classification Clause, and also the advisory scale of additional premiums for cargo carried in ships not of the highest standards.

The new clause will be effective from July 1 next. Its effect is that the premium rates will apply only where cargo is carried by a vessel classed to certain specifications by listed classification societies, provided such vessel is not over 15 years of age, or, if over 15 years of age, is not over 25 years of age and has established and maintained a regular pattern of trading on an advertised schedule to load and unload at specified ports. An important point is that chartered vessels, and also vessels of under 1,000 gross tons, must be classed as specified, and may not be over 15 years of age.

Underwriters appreciate that this will not solve all their problems. Earlier in the year Mr F. H. Hunter, the retiring chairman of The Liverpool Underwriters' Association, said "the badly managed, insufficiently manned, but comparatively modern and perhaps fully classed vessel will probably escape the net."

Unknown

One of the problems facing insurers is that the almost universal use of open policies or contracts for cargo business (whereby cover is automatically provided and shipments are simply declared to insurers) means that the identity of the carrying vessel is often unknown to the shipper or underwriter until the risk is almost past—if it ever comes to light.

Insurers are, therefore, urging their insured shippers to recognise and shun poor quality tonnage, although they appreciate that the lower freight rates offered by such tonnage can have attractions. "Action on these lines," said Mr. Hunter "combined with more severe penalties for over-age vessels and hazardous commodities, holds the main hope of remedying a very dangerous situation for underwriters."

Certainly it is expected that the new clause and advisory schedule of additional premiums will receive substantial support from many overseas insurance markets, in addition to the British market. In some underwriting quarters it has been felt that the modifications have not been sufficiently far-reaching, and there has been comparatively little criticism on the grounds that the changes are too radical.

Another problem which has been concerning British insurers and other world markets has resulted to some extent from the financial plight of shipowners and charterers, coupled with discharge delays at some ports which have been badly affected by congestion. The delay has resulted in liability for demurrage being incurred by charterers, who have not always been able to meet it. In this situation a shipowner may order the ship to some other port, where permission is obtained from the local authority to discharge the cargo and sell it, so as to recoup the money owed. On many occasions, the whole procedure has been completed before the cargo owner, and his insurers, have been aware of the situation.

A few weeks ago Mr. Keith Williams, chairman of the Institute of London Underwriters, reported that a considerable number of such cases (but by no means all) involved Greek vessels which put back to small Greek ports. A delegation from the London market visited Greece to discuss the situation with Greek Ministries. They promised their assistance in trying to eradicate the practice so far as it affected Greece.

Over the years there have been plenty of efforts towards simplifying documentation. In some cases underwriters have been criticised for insisting on certain details. Their point is simply that, to evaluate risks, they must have information; only with that information can equitable rates of premium be charged.

Some years ago the idea of an insured bill of lading never really got off the ground. Large shippers with good claims experience could arrange their insurances more cheaply in the market. Nevertheless, the search for simplification continues, often with the idea of shifting the responsibility for liability.

Earlier in the year, at a four-week international conference in Hamburg, a convention on the Carriage of Goods by Sea was formally adopted, the rules to be known as the Hamburg Rules. One of the main features from the insurance point of view is that the rules take away the carrier's exemption from liability for nautical fault, unless proof can be provided that all reasonable measures were taken to avoid the occurrence and its consequences. The exemption from liability for fire can be removed, although the onus of proof is then on the claimant to establish that the fire arose from fault or neglect of the carrier or his servants, and similar failure to take all reasonable measures to prevent it.

Among the other changes are a more extensive period of liability for the carrier, and in some circumstances a liability for delay in delivery of cargo. Nevertheless the monetary limit of liability is comparatively modest.

Considerable opposition to changing the liability pattern was mounted by insurers, who said that it was preferable for shippers to make their own arrangements for insurance and to be able to secure credit for good claims experience brought about by good packing, etc. It remains to be seen whether all or even most major maritime countries will ratify the new Convention; in any event it is unlikely to become effective for several years.

If it does come into operation, while it will put more liability on the carrier it will not eliminate the need for conventional cargo insurance. For parts of the overall transit (e.g. land transit prior to, and subsequent to the end of the sea voyage) the sea carrier will have no liability. Insurance is also likely to be needed in view of the carrier's right to limit liability.

One leading underwriter has taken the view that in the early years shipowners may try to avoid liability by every means — even if only to test the reactions of cargo owners and to establish legally the meaning of such expressions as "reasonable measures to avoid occurrence," etc. Since that will delay settlement of liability compensation, cargo owners will look to their own insurers for prompt claims settlements. It has even been suggested that such uncertainties could increase the overall costs of maritime insurance and shipowners' liability cover — with the cost of the latter reflected in the freight rates charged by shipowners.

John Gaselee

Keen aircraft margins

PREMIUM RATES in the aviation insurance market have continued to move downwards in recent months as a result of the intensifying worldwide competition for business, and there is no sign of an improvement in the near future. Whenever the London market has tried to increase rates, it has tended to lose business to other markets, notably the U.S. and the Continent. But the view of the market is that premium rates are now fined down to such an extent that they only allow for ordinary losses, and provide little or no margin for any major catastrophe.

The latest statistics from Lloyd's show that for the 1974 account (the last full account for which all premium income and claims figures are available) aviation premium income amounted to £139.3m., with claims amounting to £134.4m., so that the profits on the account amounted to about 3½ per cent of premium income. The overall level of premiums has been rising steadily, from about £63m in 1969, but this has been attributable to a variety of factors — the general level of inflation which has put up aircraft hull values, changes in exchange rates and an increase over the years in the number of aircraft in the world's airline fleets whose insurance is carried in London.

But claims have also been rising, and the world aviation insurance market has suffered some severe knocks in recent years — the DC-10 Turkish Airlines crash outside Paris, for example, and last year's collision on the runway at Tenerife between Jumbo jets owned by KLM and Pan Am. These have made heavy calls on the London market, but have been met because the risks were well spread.

The London market — both Lloyd's underwriters, brokers, and the aviation insurance companies — provides cover for all aviation activities, not only for airlines, their equipment, passengers and cargo, but also for aircraft manufacturers, repairers, general aviation, airports, private owners of powered aircraft, gliders and balloons, in addition to personal accident cover for all who fly.

But the London market is now encountering a big increase in the number of competitors seeking aviation insurance business world-wide. The attractions appear to be the high levels of premium available (where one Jumbo jet can cost up to $50m and there are several in any one airline's fleet, the premiums payable can be considerable—but without any comparable significant understanding by the newcomers of the problems, and the possible hazards. At one stage undoubtedly some good profits were made in aviation insurance, but the poor years have recently outnumbered the good.

Scramble

One result of this inflow of newcomers has been something of a scramble for business world-wide, with consequent pressures on rates, and even some of the bigger underwriting syndicates have found that major scheduled airlines with which they have dealt for years have moved away to others where the rates are more competitive. This trend is causing concern in the London market, where it is pointed out that some of the newcomers have not yet been fully tested by major calls upon their resources.

Another factor which may be attracting the newcomers to the business is the hope that world air travel will continue to become safer, even though the number of people travelling increases steadily at the rate of about 8 per cent a year. Certainly, the overall safety record of the world scheduled air transport industry is improving, in terms of passenger fatalities for 100m passenger-miles flown, and increasing attention is being paid throughout the industry to the safety factor.

By far the biggest volume of all the regulations governing air transport is directd towards safety in one form or another, and while it is undeniable that occasionally major accidents do occur, they are rare when compared with the sheer volume of civil air transport aircraft movements, which now amount to more than 10m separate flights every year. What gives cause for concern about any given accident is that the number of passengers tends to become larger, because of the increasing size of the aircraft and consequently the bigger loads they can carry, while hull values themselves also continue to rise.

This could lead to some public opposition to the manufacture of bigger individual aircraft — the idea of the 1,000-seater Jumbo jet, first mooted some years ago, now seems to have died. But there are already airlines throughout the world regularly packing between 400 and 500 passengers a time into Jumbo jets, and the insurance liability on such flights, both hull and passenger, is substantial.

It is almost certain, however, that the number of aircraft in the world's commercial air transport fleets will rise in future as the number of passengers rises, especially in the much more densely travelled short-to-medium-range sectors of the markets. This will generate increased demand for insurance, and premium income will continue to expand.

The big questions remain whether the pressures on rates will continue to be as fierce as they are today, forcing them down to what many believe are unrealistically low levels, and whether there is a continued improvement in the safety curve, which in turn will dictate the volume of claims. Many of the underwriters and brokers handling aviation insurance business today only stay in it because they believe that better times will come eventually, but some have withdrawn from this type of business in recent months.

Meanwhile, some underwriters are looking at new technological developments in aerospace, to discover whether there are any opportunities in them for boosting insurance business. One area that is showing promise is the satellite field, where an increasing number of satellites is being developed and launched for a wide variety of functions, such as telecommunications, weather forecasting and earth resources monitoring. Space has now moved out of the early development era, and the satellite is becoming a useful tool of mankind in its own right.

But satellites are expensive, costing as much as $18m for a single large telecommunications satellite of the Intelsat IV variety, for example. The risks involved in launching them into orbit, while reduced over the years as knowledge of the technology involved has improved, remain substantial.

They are therefore ideal candidates for insurance, as the European Space Agency proved when it collected the insurance on its first Orbital Test Satellite which was destroyed within seconds of being launched from Cape Kennedy last September. As more civil satellites of all kinds are put into orbit, there is likely to be a rising demand for insurance which some underwriters in London are ready to meet.

So far the London market appears to be out in front with this kind of business, demonstrating once again its inherent flexibility and its readiness to be innovative. It is not likely to be long, however, before others move in where London has pioneered, and rates in this business could also come under pressure.

Michael Donne

Small boats

CONTINUED FROM PREVIOUS PAGE

allowed to race or perhaps even sail. Many marinas insist on having necessary insurance cover as a condition of using the marina. So there is an active market in yacht and pleasure boat insurance.

Insurers have experienced a difficult winter with the severe storms in January. Damage came in two main forms—the boats battered at their moorings and even being torn off their moorings and cast ashore or against the marina wall. The other type is boats flooded at their moorings. Since the boats are unattended, a severe storm means that water gets into the boats from successive waves, the covers are torn off and the water is not baled out. The boat's hull may survive intact, but the fittings are likely to be damaged. However, although it was a poor winter for claims, it is not regarded as catastrophic by underwriters.

Losses from theft are a major source of worry to underwriters. There is a ready made market for second hand items of equipment, fuelled by the high cost of new items. Boats are left unattended for long periods and security in many cases is virtually non-existent. It is easy to break in.

Cases of theft are reported even from marinas where security is first class. It is easy to prevent access from land, but approach from the sea could be a different matter. It is not unknown for thieves to row into a marina and burgle boats furthest away from the landward side, and therefore farthest away from security.

The yacht and pleasure boat account is not normally a highly profitable one. It is expensive to run, since it has to be underwritten more or less separately. This is a time-consuming process. In addition, handling of claims can be tricky, because unlike motor insurance, there is rarely a policemen's report or standard procedures for assessing damage and repairs. Most insurance companies dabble in this type of business, and there is considerable rate-cutting in the market. The converse of this is that it pays yachtsmen or power-boat owners to shop around.

Now that the years of austerity appear to be coming to and there are signs of an upsurge in sailing and power-boat use. The insurers will always provide this type of service because there is a need, but because it only accounts for a small part of the marine portfolio there is never strong pressure for it to be particularly viable.

Here is an example of the cost of insuring. An Enterprise dinghy, valued at £1,250 with cover to include racing and transit to and from the sea with an excess of £15, would cost about £530 a year to insure. Not much for peace of mind.

Eric Short

APPOINTMENTS

DIRECTOR and GENERAL MANAGER

To lead a major operating Company with 1,500 employees in three locations—and a growing turnover of £20m—which is part of a long established and highly regarded British group with extensive and expanding interests at home and overseas. The Company has a dominant market position in serving major national retail chains—in domestic and export markets—with a broad range of specialised food products. Growth and market penetration will continue from technical efficiency and financial strength.

The key tasks are to improve profitability by efficient direction of the total cost line and to support profitable growth. Tempo is exacting, performance standards stringent and success relates to delivery on time, to quality, and to cost. Accountability is to the Chairman.

A record of sustained career progress is sought in the direction and management in manufacturing, distribution, development, personnel, administration, and financial control within successful food or related manufacturing companies. Equal emphasis will be placed on the record of cost line management success and progressive achievement in man management and the utilisation and development of human resources.

Challenge, scope, and opportunity in this appointment will be attractive to those with progressive and professional management competence who seek to direct the dynamics and the performance of a complex business.

Age: probably late 30's. Salary will be for negotiation in five figures with attractive conditions of service and car provided. Location: rural South Wales.

Letters from suitably qualified men or women, should include a detailed curriculum vitae including salary progression to date which will be handled in confidence by Dr A G Roach.

ROACH

A G ROACH & PARTNERS,
8 HALLAM STREET, LONDON W1N 6DJ

Deputy Managing Director

BUILDING PRODUCTS

for the expanding British subsidiary of a multi-million pound Dutch group.

• INITIAL emphasis on product and sales development will be followed by a broader responsibility leading, it is planned, to the managing directorship when the present chief executive retires.

• A SUCCESSFUL record of marketing related to improved sales performance is required, allied to evidence of numerate skills. A graduate who speaks French or German would have an advantage.

• SALARY: around £9,000 plus a car. Preferred age: mid 30s. Location: London.

Write in complete confidence
to N. C. Humphreys as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET, LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE, EDINBURGH EH2 4DN

REQUIRED, COMMERCIAL LAWYER

FOR A LAW FIRM IN
KUWAIT

with general experience on contracts and particularly banking transactions.

Bachelors preferred.
Write with C.V. to
P.O. BOX 2578
SAFAT, KUWAIT

CHIEF ACCOUNTANT

UP TO £10,000 P.A.
SUSSEX COAST HEAD OFFICE

An opportunity to join an expending major financial institution is presented by this vacancy for a Chartered or Certified Accountant who has had experience at a senior level in a comparable organisation and is skilled in managing and developing staff.

Reporting to the general manager responsible for the function, the successful man or woman, (who will probably be between 35 and 45) will be in full charge of all accounting and should have practical knowledge of computers and related systems. The work is demanding and often carried out under considerable pressure.

The salary on appointment will be up to £10,000 p.a. and other benefits include generous assistance with housing finance and a first class contributory pension scheme. Please write with full career details including salaries to S. Crosbie, B.Com., F.C.A., General Manager (Finance), marking the envelope "CA—Confidential", at:

Alliance House
Hove Park Hove
East Sussex BN3 7AZ

ALLIANCE BUILDING SOCIETY

A Unique Opportunity in Business Management Circa £6,000

The North of England Open Air Museum is being developed in 200 acres of parkland and requires a Business Manager to take over and develop commercial and financial aspects of its operation.

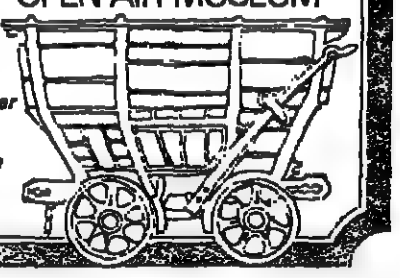
The Manager will be expected to join an informal and deeply committed team of professionals working to make a significant contribution to the development of the Museum as an international tourist attraction maintaining the *regional heritage.*

The Business Manager should have a sound business background preferably with a financial bias. A management or financial qualification is desirable.

Application forms and further details from:

**The Director,
North of England
Open Air Museum,
Beamish Hall,
Stanley,
Co. Durham.**

BEAMISH
NORTH OF ENGLAND
OPEN AIR MUSEUM



Applications from either male or female candidates to be returned by 16th June 1978.

Head of Management Accounting

This post, reporting to the Chief Accountant, the senior financial executive in the U.K., has been created as a result of rapid growth over recent years.

AFIA established in 1917 is an Association of 10 leading U.S. insurance companies operating in over 80 countries with 230 branch offices. The Home Insurance and the St. Paul Fire and Marine Companies are the AFIA member companies registered in the U.K., which is one of AFIA's principal business centres.

The post-holder, who also deputise for the Chief Accountant, will be a qualified A.C.A. or A.C.C.A., with in depth experience of management reporting, profit planning, staff management and have a sound knowledge of insurance gained within the U.K. market. Experience of working in a U.S. multi-national organisation would be an advantage.

Terms and conditions of employment are as associated with a multi-national organisation, and will attract senior applicants.

Replies to F. D. Campbell Personnel Manager,
AFIA Worldwide Insurance,
Chesterfield House,
26-28 Fenchurch Street,
London EC3M 3DH.
Telephone 01-626 8744.

AFIA WORLDWIDE INSURANCE

BANQUE POUR LE COMMERCE CONTINENTAL LONDON BRANCH LEE HOUSE, LONDON WALL, EC2Y 5AY

A CAREER OPPORTUNITY EXISTS FOR AN ASSISTANT TO THE BRANCH CHIEF ACCOUNTANT

fully versed in all aspects of Sterling and FX Accounting including B/E Returns, Management Reports and Returns and all connected work.

Apply in confidence to MR. N. E. WIMPEY
with full curriculum vitae.

COMPANY NOTICES

BRASCAN LIMITED
(Incorporated under the Laws of Canada)

NOTICE IS HEREBY GIVEN that the Board of Directors of this Company has declared a quarterly dividend of twenty-five cents (25 cents) and an extra dividend of ten cents (10 cents) per share (in United States funds) on the Company's Class A, Class B, and Class C Convertible Ordinary Shares without nominal or par value, payable July 31, 1978, to shareholders of record at the close of business on July 1 1978.

The dividend payable on Class A Convertible Ordinary Shares represented by share warrants to bearer will be paid only against surrender of such bearer warrants (with coupons serial Nos. 154, 160, both inclusive, with talons attached) in exchange for bearer International Depositary Receipts issued by Morgan Guaranty Trust Company of New York at Brussels, Belgium, in respect of Class C Convertible Ordinary Shares of the Company, or for registered share certificates of the Company. Bearer warrants (with coupons serial Nos. 154 160, both inclusive and talons attached) may be surrendered for exchange to:

Cit..
55 Rue de Namur,
1000 Brussels,
or
Morgan Guaranty Trust Company of New York,
35 Avenue des Arts,
1040 Brussels.

Dated at Toronto, Canada, the 30th day of May, 1978.

By Order of the Board.
L. A. ALLEN, Secretary.

The Transfer Agents of the Company are National Trust Company Limited, Toronto, Montreal, Vancouver, Calgary, Winnipeg and Halifax, Canada, and Citibank, N.A., New York, U.S.A.

Changes of address should be notified promptly to National Trust Company, Limited, at 21 King Street East, Toronto, Canada M5C 1B3.

JARDINE, MATHESON & CO., LIMITED

HK$500,000,000 7½% CONVERTIBLE SUBORDINATED UNSECURED LOAN STOCK 1990

NOTICE IS HEREBY GIVEN that the register of holders of the 7½ per cent convertible subordinated unsecured loan stock 1990 ("loan stock") will be closed from 17th June to 30th June 1978 (both dates inclusive) to establish the identities of those loan stockholders entitled to the half-yearly interest payment, payable on 30th June 1978.

In order to qualify for the interest payment all transfers, accompanied by the relevant loan stock certificates, must be lodged with the company's registrars, Central Registration Hong Kong Ltd., not later than 4.00 p.m. on 16th June 1978.

By Order of the Board.
K. W. YOUNG,
Company Secretary.

Hong Kong,
1st June 1978.

BARLOW RAND LIMITED
(Incorporated in the Republic of South Africa)

7% UNSECURED NOTES 1975 84 ("THE NOTES")
FOURTH CAPITAL REDEMPTION

NOTICE IS HEREBY GIVEN that the fourth capital redemption, being 1/10th of the capital amount of the Notes outstanding at 1 July 1974, will be paid to the holders of the Notes who are registered in the company's register of noteholders at the close of business on 16 June, 1978. The registers of noteholders in Johannesburg and the United Kingdom will be closed from 17 to 23 June, 1978, both days inclusive.

Capital redemption payments will be made on 30 June, 1978 to those noteholders who have surrendered their certificates to the Company's registrars for endorsement by that date. Thereafter, capital redemption payments will be effected against receipt of certificates lodged for endorsement and the attention of noteholders is drawn to condition 3 (d) on the reverse side of the Notes' certificate.

The capital redemption payments will be in the currency of the Republic of South Africa, and the rate of exchange at which the payments will be converted into United Kingdom currency, for the payments by the United Kingdom registrars, will be the telegraphic transfer rate of exchange between Johannesburg and the United Kingdom ruling on the first business day after 16 June, 1978.

The attention of noteholders who are residents of the United Kingdom (including the Channel Islands and Isle of Man), the Republic of Ireland and Gibraltar is drawn to the special conditions of the United Kingdom Exchange Control Act of 1947 relating to capital payments, details of which will appear on the warrants.

By Order of the Board,
W. C. Warriner,
Secretary.
2 June, 1978.

REGISTERED OFFICE:
Barlow Park,
Katherine Street,
Sandton, 2199.
South Africa
(P.O. Box 78-2248, Sandton 2146).

SOUTH AFRICAN REGISTRARS:
Rand Registrars Limited,
2nd Floor, Devonshire House,
49 Jorissen Street,
Braamfontein,
Johannesburg, 2001.
South Africa.

UNITED KINGDOM REGISTRARS:
Lloyds Bank Limited,
Registrar's Department,
The Causeway,
Goring-By-Sea,
Worthing,
Sussex, BN12 6DA,
England.

I.U. OVERSEAS FINANCE N.V.

U.S.$35,000,000 8¾% GUARANTEED BONDS DUE 1987

Hambros Bank Limited advise that the redemption due on the above loan i.e. U.S.$2,450,000 nominal, on the 1st July 1978, has been effected by purchase.

HAMBROS BANK LIMITED
2nd June 1978.

HEPWORTH CERAMIC HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS for the 7½% Debenture Stock 1988-93, of the above named Company will be CLOSED from 15th June to 16th June 1978, inclusive, for the preparation of Interest Warrants.

BIRTWHISTLE
Secretary.

Genefax House,
Sheffield S10 3FJ.

NATIONAL BANK OF HUNGARY

5 PER CENT. BONDS 1981

MORGAN GRENFELL & CO. LIMITED hereby gives notice that the requirements of the 30th June 1978 Redemption have been satisfied by purchases of $5,000,000 nominal bonds.

CASSA PER IL MEZZOGIORNO

6¼% GUARANTEED BONDS 1984

S. G. WARBURG & CO. LTD. announce that bonds for the amount of U.S.$1,875,000 have been drawn in the presence of a Notary Public, for the redemption instalment due 1st July, 1978.

The numbers of the bonds so drawn are as follows:

12660 to 13285
13291 to 14403
14411 to 14546

On 1st July, 1978, there will become due and payable upon each bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the offices of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street,
London EC2P 2EB,

or one of the other paying agents named on the bonds.

Interest will cease to accrue on the bonds called for redemption on and after 1st July, 1978, and bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$11,875,000 nominal amount of bonds will remain outstanding after 1st July, 1978.

The following bonds drawn for redemption 1st July, 1977, have not yet been presented for payment:

No's 20452 to 20528

30, Gresham Street,
London EC2P 2EB.
2nd June, 1978.

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of

No. 001641 of 1978
RESULTS CLEANING SERVICES LIMITED
No. 001643 of 1978
A. T. HAMM LIMITED
No. 001645 of 1978
ABBY-RAY TRADING CO. LIMITED
No. 001650 of 1978
PRODA (LONDON) LIMITED
No. 001651 of 1978
WYNBOURNE ENGINEERING LIMITED
and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-Up of the above-named Companies by the High Court of Justice were, on the 22nd day of May 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 26th day of June 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 23rd day of June 1978.

IN THE MATTER OF
THE COMPANIES ACT, 1948
and
IN THE MATTER OF
ALLEN & GREAVES LIMITED
Registered Office: 33 Cliffords Inn, Fetter Lane, London EC4A 1AH.

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a MEETING of the CREDITORS of the above-named Company will be held at 33 Cliffords Inn, Fetter Lane, London EC4A 1AH, on 21st June, 1978, at 11.30 a.m., for the purpose mentioned in Section 294 et seq of the said Act.

DATED this 30th day of May, 1978.
By order of the Board.
J. F. ALLEN, Director.

BOND DRAWING

AUSTRIAN ELECTRICITY
6¾% Guaranteed Bonds 1986

S. G. WARBURG & CO. LTD., announce that the redemption instalment of U.S.$900,000 due 1st July, 1978 has been met by purchases in the market to the nominal value of U.S.$662,000 and by a drawing of Bonds to the nominal value of U.S.$238,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

7642 to 7650	7652 to 7655	7658 to 7664	7678 7679	7690 7691	7703 to 7706
7714 7716	7726 to 7730	7732 to 7738	7743 to 7746	7784 7785	7824 7827
7829	7841 to 7847	7855 7857	7966 to 7975	8019 8020	8025
8032 to 8051	8093 to 8101	8103 8104	8129 to 8133	8156 to 8163	8226 8228
8242 to 8247	8275 to 8277	8280 to 8304	8308 to 8310	8315 to 8318	8326 to 8341
8365	8370 to 8372	8377 8395	8406 to 8408	8431 8432	8443 8444
8470 to 8475	8541 8542	8567 to 8569	8571	8576 to 8586	8597
8617 to 8621	8626	8668 to 8672	8674 8675	8708 to 8717	8722 8723

On 1st July, 1978 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st July, 1978 and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$7,200,000 nominal amount of Bonds will remain outstanding after 1st July, 1978.

30, Gresham Street, London, EC2P 2EB.

2nd June, 1978

APPOINTMENTS

Senior changes at Pilkington Flat Glass Division

NEW MANAGING director of PILKINGTON BROTHERS' Flat Glass Europe Division is Mr. D. N. Cledwyn-Davies. He succeeds Mr. R. W. Crosbie, who has retired. Mr. Cledwyn-Davies was previously production director. Mr. G. A. Dickinson has been appointed production director designate, but will continue for the present as technical director.

★

PEAT, MARWICK, MITCHELL and COMPANY announce that from October 1, Mr. B. J. Clow, Mr. S. H. Ingall, Mr. R. L. Spalding and Miss P. W. Triggs will be admitted as partners in the London office and Mr. P. J. Seaman will be admitted as a partner in the Sheffield office. From the same date at Peat, Marwick, Mitchell and Company Management Consultancy Mr. G. Castro, Mr. B. J. T. Clark, Mr. J. P. Jordan and Mr. L. Zurick will be admitted as partners.

★

Following the appointment of Mr. Michael Vivian, previously group director, safety services, as CIVIL AVIATION AUTHORITY deputy chairman, changes have been made in the Safety Services Group. Mr. Geoffrey Chouffot, previously director-general operations, has been appointed group director safety services with overall responsibility for both operational safety and airworthiness functions. Mr. Roy Worthing, previously deputy director-general operations, succeeds as director-general operations. Mr. Pat Walker, previously director of flightcrew licensing succeeds as deputy director-general operations.

★

Mr. Peter Saunders, a director of Associated Newspapers Group, has been appointed to the Board of SOUTHERN TELEVISION. Mr. Vere Harmsworth has resigned.

★

Sir John Terry, managing director of the National Film Finance Corporation, who will shortly be reaching retirement age, will continue as managing director until December 31.

★

HAWKINS AND TIPSON announce that Mr. A. R. C. B. Cooke has been appointed a non-executive director. Mr. Cooke is a director of Ellerman Lines and of several of their subsidiary companies.

★

Sir Richard Smeeton will be retiring from the SOCIETY OF BRITISH AEROSPACE COMPANIES on January 31, 1979. He will be succeeded as director by Air Marshal Sir Charles Pringle, senior executive, Rolls-Royce, who will be leaving the company at the end of the year.

★

Mr. Cedric Brand, managing director of Tilbury Contracting Group, has relinquished his position as managing director of TILBURY CONSTRUCTION, a subsidiary, but continues as chairman of that company. Mr. M. C. Bottjer has been made managing director of Tilbury Construction.

★

Sir Leslie Smith, chairman of BOC International, has been elected chairman of AIRCO INC. of the U.S. He succeeds Mr. George S. Dillon, who has resigned from that company which was recently taken over by BOC. The following outside Airco directors have resigned: Mr. Robert H. Legg, Mr. Stanley I. Rubenfeld, Mr. John S. Shaw, Jr., and Dr. Albert Faulconer, Jr. Appointed to the Airco Board are Mr. James G. Baldwin, group vice-president, Mr. David J. Craig, group vice-president, Mr. Donald Reich, newly elected executive vice-president, and Mr. Paul Bosonnet, a director of BOC International.

★

Lord Sackville has retired as a director of ROBT. BRADFORD (HOLDINGS).

★

Dr. George H. Hough has become chairman of BRITISH SMELTER CONSTRUCTIONS in succession to Mr. H. Paul Brauner, who has been elected honorary president.

Mr. James P. Moekler has been appointed vice-president—international group, PARKER HANNIFIN CORPORATION and vice-president sales and marketing of Parker Hannifin Europe. He will be based in Watford, UK.

★

Mr. I. P. Clarke has been appointed company secretary of WEETABIX following the recent death of Mr. J. A. Zanker.

★

Mr. Nigel Sims has been appointed managing director designate and Mr. Roland Gurney, a director, of T. W. TAMPLIN AND CO. of the Wigham Poland Group.

★

AB STATENS SKOGSINDUSTRIER has appointed Mr. Vic Reid as U.K. technical director (chipboard).

★

Mr. John K. Warburton has become director of BIRMINGHAM CHAMBER OF INDUSTRY AND COMMERCE. He has been secretary since 1975.

★

Mr. Frank Shekleton has been appointed deputy president direkteur (packaging) of Reed Corrugated Cases Nederland BV from August 1. He is at present operations director of REED CORRUGATED CASES and will remain a director of that company. Mr. A. van Kuyk, president direkteur of Reed Corrugated Cases Nederland BV, is to become a director of Reed Corrugated Cases from the same date. Mr. Alex Stratton is to be a director of Reed Corrugated Cases and will succeed Mr. Shekleton as operations director from July 1.

★

Mr. David Auty has been appointed staff director, systems for SP INDUSTRIES. He was previously development director of Duport Computer Services.

★

Mr. Chris Cowling has been appointed managing director of INTERNATIONAL PAINT BUILDING PAINTS, one of the group companies of International Paint.

★

Professor Brian Tew has been appointed editor of the MIDLAND BANK REVIEW. Mr. J. R. Sargent, who is Midland Bank group economic adviser, will maintain his close links with the Review through his membership of the editorial panel. Professor Tew has been Midland Bank professor of money and banking, University of Nottingham, since 1967.

★

Mr. Ritchie Harrison has been appointed marketing and sales director of JOHN PLAYER AND SONS in place of Mr. Brian Wray, who has become marketing director of Imperial Tobacco. Mr. Bob Lancaster is now general marketing manager at John Player and Mr. Mike Brayley is to become general sales manager when Mr. Bill Rudd retires at the end of this year.

★

Mr. J. Myles has become chairman of ANDREWS MACLAREN and continues as managing director. Mr. A. Nash has been appointed deputy managing director.

★

Mr. I. R. Macdonald has been appointed managing director and Mr. B. E. Hicks, Mr. D. J. Saunders and Mr. G. J. Trew, executive directors of STEN-RE, a subsidiary of A. R. Stenhouse Reed Shaw and Partners. Mr. P. J. Bethell has been made managing director of member company, Sir William Garthwaite (Reinsurance).

★

Dr. Brian Davison, general manager of the Clydach nickel refinery of INCO EUROPE, has been appointed a director of the company.

★

Mr. Eric Parker, group managing director, Trafalgar House, has joined the board of BR Shipping and International Services division of BRITISH RAIL for three years.

★

Mr. W. T. F. Austin has been appointed president of the CONCRETE SOCIETY for 1978-79, succeeding Mr. Bryan Jefferson.

★

Mr. Conrad Martin has just been appointed to the Board of TAUNTON CIDER as sales director.

★

Mr. George Garby, formerly general sales manager for the Foxboro Company in Canada, has been appointed director of sales for FOXBORO EUROPE. He takes over from Mr. Aime Fux, who remains with Foxboro Europe in a newly created post of director of marketing services and distribution.

★

Mr. J. Cudworth is to become investment secretary of the REFUGE ASSURANCE COMPANY from July 1 on the retirement of Mr. R. Clowes.

★

Mr. A. B. Pedley has joined WILLIAAM COX as divisional director of its PDI plastics distribution division. He was previously with Stockline Plastics.

★

Mr. K. A. Williams has resigned as managing director of HOUBIGANT in the UK.

★

Mr. P. M. Bunce, Mr. J. Grant and Mr. D. J. Herod have been appointed to the Board of SCHLESINGER LIMITED, private bankers, and not Schlesinger as published yesterday.

★

Mr. Roger T. Elmhirst has been appointed president of CHARTERHOUSE S.A., the French development capital subsidiary of the Charterhouse Group. Mr. Michel Knibbeler has become director general.

★

Mr. A. J. D. Scott has been appointed marketing and export director of IMI WATERHEATING INTERNATIONAL.

★

Mr. N. E. Nibloe will be joining Countryside Properties on June 5 as managing director of COUNTRYSIDE BUILD (SOUTHERN), a subsidiary.

★

Mr. R. Bertieaux and Mr. E. J. P. Wykmans have resigned as directors of THOMAS WITTER AND CO.

★

Mr. Trevor Tummon has been appointed to the Board of EXTEL STATISTICAL SERVICES.

Health service workers urged to speak out

PEOPLE working in the National Health Service were urged by the Opposition's health spokesman to identify weak areas within the service that needed urgent action.

Dr. Gerard Vaughan told the Surgical Specialists Society, at the North Tees Hospital, Teesside: "It is time that the professionals within the health service stood up for their training and explained what they feel is going wrong."

He said he was pleased to see the Royal College of Nursing's report earlier this week spell out the problem of staff shortages in London hospitals which was causing a fall in the standards of care for patients.

Close encounter evidence could win £1m

A £1m PRIZE for anyone who can provide evidence that beings from other planets can travel to Earth has been offered by a British whisky company.

Cutty Sark Whisky will pay out if anyone can produce a craft which has transported extra-terrestrial beings to Earth, or an unmanned reconnaissance vehicle, a missile or any artefact.

Mr. Russ Taylor, Cutty Sark director, said: "We are deadly serious about this. A considerable body of scientific opinion is convinced that we are not alone in the universe."

The company, which has insured against the possibility of having to pay out, offered a similar prize a few years ago for concrete evidence of the existence of the Loch Ness Monster.

All exhibits will be judged by a panel of experts from the Science Museum, London. The company is also offering prizes for other matters connected with UFOs, including a £1,000 award for a scientific paper on the subject.

Management Page

EDITED BY CHRISTOPHER LORENZ

Carlo de Benedetti—moving on to become deputy chairman of Olivetti as well as its single largest shareholder.

The top Italian industrialist who fell out with Fiat

CARLO DE BENEDETTI, 44, *Turinese industrialist*, recently nominated by the weekly magazine *Il Mondo* as "manager of the year" in Italy, established his managerial reputation back in 1972 when he took over a small Turin-based tanning concern called Gilardini, then employing only some 100 people. In a matter of four years he had built it up into a group employing 1,500 people and with an annual turnover of some L40bn, following the incorporation of a number of small and medium-size Italian and foreign mechanical concerns.

His activities both as a manager and as president of the Turin Industrialists' Association, where he appeared to have opened a successful dialogue with the Communist Party, did not go unnoticed for long. In the summer of 1976, the Agnelli Brothers, Giovanni and Umberto, head of the giant Fiat car conglomerate, turned to Mr. de Benedetti as the man Fiat needed for its ambitious reorganisation programme. This involved the decentralisation of Fiat's operational activities and the setting up of a strong central corporate management body with overall control over planning and finance.

It seemed an ideal marriage between two of Turin's leading industrial families. Fiat took control of Gilardini and in return Mr. de Benedetti became the second largest shareholder in the car group, with a 5 per cent stake of Fiat's equity, and was appointed managing director. In this sense, the arrival of Mr. de Benedetti at Fiat as manager and shareholder was somewhat similar to his entry in Olivetti this year.

But his stay with Fiat was *unhappy and short-lived*. His abrasive manner made him unpopular from the beginning with the established Fiat managers. In Fiat they still claim today, at least in private, that *Mr. De Benedetti moved too fast* and too far, and that he did not have the necessary experience of running a major industrial group like Fiat, Italy's largest private concern, with an annual turnover of more than *L10,000bn*.

Following a major clash of personalities and policies with Mr. Umberto Agnelli, barely three months after joining Fiat, Mr. De Benedetti resigned. He *sold* back—at what is understood to be a handsome profit—his stake in Fiat to the Agnelli Brothers. Then, in December 1976, he bought control of another tanning concern, CIR, and proceeded to repeat the Gilardini operation, buying into a range of Italian and foreign companies, and increasing turnover from L26bn to L55bn last year.

But all the time he was clearly aiming much higher. Earlier this year there was talk of his joining the ailing Milan-based chemicals and fibres group, Montedison. A financial company of his, Euromobiliare, effected an operation which saw the U.S. Quaker Oats group take a minority participation in a troubled Italian food concern, Chiari E Forti, representing the first case of a U.S. investment in Italy in recent years. His efforts and ambitions have now been crowned with the Olivetti deal. Not only has he apparently got his own back on the Agnellis, but he has now returned to the big league of Italian industry.

A man's bold gamble to revamp Olivetti

By PAUL BETTS in Rome

TAKE AN old-established mechanical engineering company. Add the need to make major financial and manpower investments in new technology, in order at least to keep abreast of competition from the big U.S. multinationals. The end product, in the case of Olivetti, is a twentieth century corporation *in terms of technology*, but one desperately short of capital, with shareholders not overwilling to respond to rights issues where the recent dividend track record has been poor—and in the last two years non-existent.

Enter a leading Italian entrepreneur dedicated to holding back the State's increasing inroads into the private sector, mainly because the latter cannot survive unaided. The result is Olivetti today, and the man, Carlo De Benedetti, who spent three months as managing director of the giant Fiat Motor Corporation and disagreed on all known counts on policy with the Fiat Agnelli brothers, now proposes with a stroke of his magic wand to rejuvenate the company with his provocative managerial style and to untangle its dire financial shortfalls by injecting some of his own money.

The top management and long overdue financial reconstruction of Olivetti, to be approved by shareholders at an extraordinary meeting on June 5, "is likely to represent a *test case for the private sector* in Italy." At least, this is how Mr. De Benedetti sees the operation, which in large measure is his own brainchild and has had the backing, from the beginning, of Mr. Bruno Visentini, Olivetti's executive chairman.

Unique

On the surface, the Olivetti operation looks like any other *fairly commonplace capital* increase, certainly *less* dramatic and considerably more modest than its much larger neighbour Fiat effected last year after clinching the now celebrated £250m deal with Libya. For *more than a decade, Olivetti* has been grossly undercapitalised with its share capital unchanged at L60bn, or about £40m, since 1962. At the same time, the group has seen its accumulated debts swell to L912bn at the end of last year, costing Olivetti some L142.5bn in annual interest repayments or the equivalent of about 10 per cent of the group's consolidated turnover of L1,365bn last year.

Yet despite the relatively small increase of the company's capital from L60bn to L100bn, the operation in many respects is unique in Italian corporate history. It involves a L40bn two for three rights issue of new ordinary and preference shares both with a nominal value of L1,000 each, in which Mr. De Benedetti will personally subscribe to the rights of the Olivetti family for a total of *some* L15bn. Mr. De Benedetti will thus become the single largest shareholder in Olivetti and will simultaneously be appointed deputy chairman, replacing Mr. Roberto Olivetti who resigned earlier this year, and joint-managing director of the company, together with Mr. Ottorino Beltrami, who in recent years has increasingly been responsible for the running of the company.

The basic concept of the operation is a simple one, albeit unusual in an Italian context. Mr. De Benedetti puts it this way: "I am joining the company both as a manager and a capitalist, or rather a large *shareholder*, because *in order to* retain one's own entrepreneurial credibility one must both invest one's own money and also be directly involved in the running of a company—facing all the risks that this entails."

On the other hand, there were not many alternatives open to Olivetti if it were to remain private, and avoid being gradually absorbed into the public sector. And in Italy at present there were few private entre*preneurs in a position to invest* directly in such a venture. For some years, the Olivetti family has been increasingly unwilling to put money into the group, since the financial structure has steadily weakened as a result of *Olivetti's entry into the electronics* and computer data processing field.

In the mid-sixties a consortium—including Fiat, the two state medium term credit institutes, Mediobanca and IMI, Pirelli and La Centrale, the financial holding group—was set up to enable Olivetti to go ahead with its ambitious industrial reconversion programme.

With the exception of Fiat and the Olivetti family, whose presence in the controlling syndicate amounts to 9.04 per cent—but which clearly holds a much bigger stake of Olivetti equity—the syndicate members are all expected to subscribe to their overall L5.7bn share of the L40bn capital increase. Mr. De Benedetti will subscribe L15bn and the remaining L19.3bn will be underwritten by a consortium of banks led by Mediobanca. Mr. De Benedetti will subsequently enter the controlling syndicate, while Fiat, which currently holds 7.17 per cent of Olivetti ordinary shares, has expressed the intention of dropping out. The likely effect of these charges is shown in the table.

A STORY OF MUSHROOMING DEBT

	1972	1973	1974	1975	1976	1977
Group workforce	72,273	71,101	71,587	70,749	68,997	66,000
Consolidated turnover (bn lire):						
Italy:	140.8	166.8	210	229.7	284.4	319.5
Overseas:	408	470.7	585.9	626.7	842.1	1,045.7
Profit/loss of parent company (bn lire)	+3.9	+4.1	+4.2	−8.6	+1.1	+5.3
Group indebtedness (bn lire)	373.8	385.8	446.4	581.7	791.1	912

CONTROLLING SHAREHOLDING SYNDICATE

CURRENT SYNDICATE

	Percentage of Ordinary Shares
Olivetti family	9.04
IMI (*state medium-term credit institute*)	7.40
Fiat	7.17
Mediobanca (state-controlled medium-term credit institute)	5.02
Pirelli SpA (Italian financial holding in Dunlop-Pirelli union)	3.35
La Centrale (financial holding company)	0.96
Total	32.94

PROBABLE COMPOSITION OF NEW SYNDICATE

	Percentage of Ordinary Shares
De Benedetti	19.73
IMI	7.40
Mediobanca	5.02
Pirelli SpA	3.35
La Centrale	0.96
Total	36.46

Current Olivetti share capital: 60bn lire (36m ordinary shares, 24m preference shares)
After capital increase: 100bn lire (60m ordinary shares, 40m preference shares)

There has never been a great deal of love lost between Mr. De Benedetti and Fiat. Indeed, Giovanni Agnelli, chairman of the Turin car conglomerate, is believed at first to have opposed the De Benedetti-Olivetti operation.

Barely two years ago, Mr. De Benedetti resigned as managing director of Fiat—a position he had held for only three months—following a bitter clash of personalities and policies with his predecessor, Umberto Agnelli, the younger brother of Giovanni: Umberto had gone into politics as a Christian Democrat Senator.

However, the Fiat group, which is increasingly finding itself isolated as a large private company in Italy, was clearly reluctant to see yet another major private group being pushed into the public sector.

For Mr. De Benedetti, the Olivetti operation represents a gamble. He claims the forthcoming capital increase is as much a political as a corporate test case. He recognises that *L40bn is small change for a* group with the financial problems of Olivetti, but he hints that it could well represent the beginning of a steady flow of fresh capital urgently needed by the company. It is well known that Mr. De Benedetti *has* well placed connections in international financial circles, including, it is understood, the Rothschild group. At the same time, he stressed that there must also be the political will in Italy to enable Olivetti's current operation to succeed without recourse to the customary and unsatisfactory formulae which would largely involve the intervention of the state-controlled Italian banking system. He emphasised that without a revival of a caiptal risk market in Italy there was little scope for the long-term development of private industry.

Yet Mr. De Benedetti's gamble *is a carefully calculated one*. While Olivetti's financial difficulties cannot be underestimated, it has retained much of its prestige in its traditional mechanical typewriter field at the same time as building up a sizeable presence in the flourishing electronics market. Exports now account for about 75 per cent of the overall sales of the group, which over the years has built an extensive commercial and industrial network in some 24 countries. In all, Olivetti currently employs 66.000 people, more than half of them working outside Italy.

In Italy, Olivetti has enjoyed relatively good labour relations; it was the first large private industry to build a plant in the depressed south of the country at Pozzuoli, near Naples, and the first to introduce in Italy the concept of integrated assembly units. These units, more commonly known as "labour islands," which consist of independent working groups each responsible for the entire assembly process, including output and quality control, replaced the traditional assembly lines following an agreement with the unions five years ago.

With its reorganisation programme now completed, the group says it has strengthened its operational base as the latest balance sheet of the parent company shows. Last year, the parent company, Ing. C. Olivetti Spa, reported a profit of L5.3bn compared to L1bn the year before and a loss of L8.6bn in 1975. But the reorganisation programme has entailed an enormous financial strain—and one which it will have to continue to sustain to keep up with international competition—with some L218bn spent over the last five years on research, development and planning alone for an entirely new range of products, mainly in the data processing field.

Sophisticated

Olivetti's new range of standardised distributed processsing systems started to appear on the market at the end of 1974, and last year they already accounted for 42.5 per cent of the group's *overall sales as against only 14.1* per cent in 1966. The current aim of the company is to bring the level of distributed processing systems sales to 50 per cent of overall annual turnover, with the other 50 per cent representing traditional office machine sales, which currently accou[nt] for some 57.5 per cent of t[he] overall total.

At the *same time*, the co[m]pany has had to reorganise i[ts] entire commercial network [to] meet the demands of marketin[g] more sophisticated electroni[c] equipment. Having built up th[e] stocks of its new product rang[e] it is now confident it can com[pete] with the large U.S. an[d] other European electronic manufacturers. Indeed, Olivett[i] has recently negotiated a serie[s] of important contracts involvin[g] *its new* TC 800 *modular* pro[grammable] terminal system designed for a variety of appli[cations] like banking, insurance and transport. Among the con[tracts] is the supply of 1400 TC 800 units to the Canadian Imperial Bank of Commerce, an entire system for the Norwegian Railways and another system for the South African Post Office.

Against this background it is generally regarded here that Mr. de Benedetti is joining a company with potentially promising long-term prospects, if in the shorter term it is able to consolidate its financial structure. If he succeeds at Olivetti, the company's traditional typewriter image is bound to change even more radically. But the challenge his presence poses is not only limited to his personal ambitions and to the group but to the entire future of private enterprise in Italy.

What Mr. de Benedetti proposes to do at Olivetti is undoubtedly a tall order for the group's smaller shareholders. He wants them to subscribe to a capital *increase to revive the concept of private industry* in Italy but at the same time he makes it quite clear that the sacrifices will be heavy. The company has not returned a dividend in the past two years and Mr. de *Benedetti says explicitly* that it will not do so this year either, despite a return to a profitable trend. The financial position of the company, he says, does not permit any kind of "handout." Nevertheless, there are some *encouraging signs*. The *shares* of the company have recently risen, mainly, it is understood, as a result of purchases from West Germany.

Mr. de Benedetti may yet win his gamble.

MBARD

/ote catching n Brussels

GUY DE JONQUIERES

ERE IS a strong hint of an roaching general election in Brussels air these days. Not ong the Belgians themselves, among British ministers who ıttle to and fro at regular ervals on EEC business. While word "elections" does not of urse pass their lips, ministers ear to be taking more than al interest in ensuring that roles which they play in the mmunity's deliberations are orded their full political ight (and if possible a bit re) back home.

Press briefings have suddenly come more frequent, and some binet members who have disyed antipathy towards the ussels press corps in the past e now noticeably more willing engage in a dialogue.

But though it seems inevitable at Britain's relations with the st of the EEC will be an issue the next election campaign, it unclear in what form. For th a diversity characteristic of e Labour party, ministers pear to be tugging in several rections at once. On the one und, the Prime Minister and hancellor of the Exchequer are aning towards a conciliatory ne. Mr. Callaghan has even greed to meet his fellow ocialist Party leaders from the EC in Brussels later this month r a "mini-summit", where ttempts will be made to devise joint platform on which to ght next year's European direct lections.

Proposals

Mr. Healey, with an eye to ext month's western economic ummit, now appears prepared to onsider proposals for an EEC urrency arrangement as the rice for more energetic action y Germany to speed up its economic growth rate.

On the other hand, Mr. John Silkin, the Agriculture Minister, and Mr. Anthony Wedgwood Benn, the Energy Secretary, remain implacably hostile to the EEC. Both men seek to present it as an excessively meddlesome body, and themselves as bulwarks against the Eurocrats' tireless efforts to undermine British sovereignty. Situated uncomfortably somewhere between these two poles is Mr. William Rodgers, the Transport Minister, a convinced pro-European who stands accused in the European court of justice of failing to enforce the EEC's tachograph laws.

The two particular betes noires which have been exercising Messrs. Silkin and Wedgwood Benn this year have been the future of the milk marketing boards and EEC Commission proposals for cutting surplus oil refinery capacity. In both instances, the threat posed to British interests has almost certainly been exaggerated. True, Mr. Silkin fought hard to save the milk boards, but perhaps not quite as hard as he claimed. He enjoyed strong support from the European Commission and even the British dairy industry accused him of sounding the alarm bell more loudly than was necessary.

At the end of the day, agriculture ministers are compelled to reach agreement because they are responsible for running a genuine policy. There is no such obligation on energy ministers, whose efforts to agree on even the most modest framework for common action since the 1973 oil prise rise have consistently foundered on differing national interests. Mr. Anthony Wedgwood Benn would like the EEC to aid the coal industry through subsidies for steam coal. But he has resolutely refused to compromise on other issues which could make agreement on such action possible—notably French and Italian demands for help for their troubled refineries.

Potent weapon

Mr. Wedgwood Benn portrays the refinery plan in angry terms as a commission bid to muscle in on national policy-making. There may be a grain of truth in this, but the scheme is a lot less Draconian than he implies. It is hard to see, for instance, how the four-year curb on new refinery construction which it envisages would have any real effect on the UK.

In reality Mr. Wedgwood Benn's opposition appears to stem largely from political considerations. North Sea oil has acquired a deeply emotional, even mystical significance in the eyes of British public opinion. To observers in Brussels, he sometimes seems to be tilting at windmills. But it is probably not too hard to persuade a domestic audience that is still highly sceptical of the EEC that there really are marauding foreign armies bent on pillaging Britain's national heritage.

Mr. Wedgwood Benn may be handed a much more potent political weapon if, as now seems possible, the commission acts later this year to compel the UK to modify aspects of its North Sea policy. He has already indicated that he will view such action as an invitation to a confrontation. If there is an October election, the campaign could find him fighting a pitched battle against the EEC, while Mr. Callaghan and Mr. Healey are busy polishing their public images as models of statesman-like international co-operation.

AROUND BRITAIN

MID-WALES

Firing the entrepreneurial spirit

BY ANTHONY MORETON

WHEN THE Development Board for Rural Wales took space in local papers to advertise a pilot training programme for very small businesses run in conjunction with the Manchester Business School, it hardly anticipated the response. It was thought that perhaps 50 people would inquire about the two-day event and probably 20 would follow through to the school itself, held recently in the Victorian watering spa of Llandrindod Wells.

In the event, the board stopped entertaining applications when the figure had reached 110 and eventually the number showing an interest reached 180, of whom 35 were welcomed to Llandrindod. Some came from as far as London and the Home Counties; others from the Midlands, while a three-man team of design engineers came up from Cardiff since in a week or two's time they face redundancy when the British Steel Corporation closes the East Moors works.

The board's geographical area covers the whole of mid-Wales, stretching from the slate town of Blaenau Ffestiniog in the north to Ystradgynlais, at the top of the Swansea valley in the south: from the English border to the coast at Aberystwyth. It is full of small towns such as Newtown, Welshpool, Bala and Brecon. It has few large concentrations of industry and while its area covers probably half of Wales it contains only 7 per cent of the population.

There is a large number of small companies—many of them one-man businesses—and if the area is to prosper and the drift away from it is to be halted these concerns have to be nurtured. But how does a one-man band turn into a trio or a quartet? It was in order to attempt to answer this question that the board decided to join forces with the Manchester Business School and see if it could put these small companies on the road to growth.

Many of the small businesses in mid-Wales are concentrated in the gifts and crafts sectors. By their very nature, they tend to be founded by people translating their hobbies into their employment — a potentially dangerous policy.

However, it has been estimated that 85 per cent of the craft goods sold in mid-Wales, largely to holidaymakers, are brought in from outside. Max Boyce, the popular entertainer, is not the only one to tell stories of how Japanese visitors take back Welsh dolls to Tokyo made in Hong Kong. According to Dr. W. Ian Skewis, chief executive of the board, there should be considerable scope for local producers to cash in on this market since most people buying a "local" product want it to be genuinely local.

According to Professor John Phillips, who launched the Manchester Business School's new enterprise group a year ago and who headed the school's team in Llandrindod, the ideal unit for growth is a husband-and-wife team, of which there were seven on the course. He was equally pleased to see 13 other women—almost a quarter of those present.

One of the couples, Michael and Rosemary Rainger, under the names Celmi Candles and Arian Celmi, make candles and jewellery in Ffestiniog. The Raingers moved to Wales nearly eight years ago from Reigate, where he was an engineer and she a librarian. They took over a shop from the Co-operative, bought a house next door, and started making candles. The jewellery followed last year.

They were lucky in that when they set up there were not all that many makers of decorative candles and so their early lack of professionalism was not serious. Rosemary Rainger does not think they—or anyone else—could get away with it now. "It took about two years for us to become professional and get ourselves established as a business. In that time we learned a lot."

What they did not learn was to walk before running. They took on staff, expanded output and by the time they were employing seven people they had nearly run themselves into the ground. Now they have three employees, though with their jewellery side running well they hope to take on two more.

Three main groups were represented at Llandrindod: the small businessman who had moved in to mid-Wales; the small local producer, and those without much—or any—business experience. John Pryce was in the last category. Yet even within a year he, like the Raingers, was looking to take on workers.

Pryce sculpts porcelain and pottery figures. Most sold are originals, though some are mass-produced from casts. He has sold to Selfridges as well as locally. He is an example of the man who has turned a hobby into his work—and so far he is succeeding.

The time-consuming part of sculpting is painting and he would like to take on one or two painters to do this side of the work. He is also fortunate that, though his wife does not contribute to the business, he has a sister-in-law who looks after the administration.

Both the Raingers and Pryce typify the sort of expanding firm that mid-Wales needs. They have an entrepreneurial drive that Dr. Skewis finds missing in the Welsh. "When I was with the Highlands and Islands Development Board, in Scotland, some 5,000 projects came before the board and over 4,500 originated locally. The Scots are great entrepreneurs. In Wales people don't give a hoot where jobs come from so long as they come."

To develop the potential of those among whom there is the entrepreneurial spirit, the board is to hold a second, rather longer, weekend in Lampeter next month. Some of those on the Llandrindod course will be invited; there will also be places for those squeezed out by its very success. And in order for the business school team to work more closely with the course members the numbers will be limited this time to 48.


Dr. W. Ian Skewis—hoping to help attract people back to Wales.

Then, in the autumn, between a dozen and 20 people will be invited to participate in a four-month programme which will go into business methods far more deeply. Clearly, this would be aimed at those with established small businesses with potential for growth.

The board wants to arrest depopulation and encourage people to move back to mid-Wales; and this demands viable, small units able to work within small communities providing economic health for those communities.

Top U.S. jockey turns down Derby ride on Hawaiian Sound

RACING

BY DOMINIC WIGAN

NO JOCKEY has yet been secured for Mr. Robert Sangster's Hawaiian Sound, and it now seems doubtful whether a top-ranking jockey with Epsom experience can be booked. The highly successful U.S. teenage rider, Steve Cauthen, has, reluctantly, had to turn down the ride.

Cauthen, whose agent had reportedly made a provisional booking on Monday's Concorde flight from Washington, has been persuaded not to ride himself by people connected with Affirmed. It is this horse on whom Cauthen will be bidding for the Belmont, the third leg of the American Triple Crown, three days after the Derby.

Still on the subject of the Derby, John Dunlop says that he would like a good spell of rain at Epsom to enhance the chances of Shirley Heights, who until Inkerman sprang into the picture was the clear market leader.

There is no doubt in his mind that Shirley Heights will prove a considerably better colt if there is some cut in the ground. At present the ground at Epsom is riding extremely fast in spite of a good covering of grass.

Inkerman, the Derby mount of Lester Piggott, has now settled in most ante-post lists at 5-1—a price which may well be available on the day.

Piggott can be seen in action at Kempton this afternoon. He begin's the afternoon by partnering his brother-in-law Robert Armstrong's newcomer Winter Wind in the Rivermead Stakes before going on to ride for several other stables including Jeremy Tree's Beckhampton establishment.

His ride for Beckhampton, Catechism is among the runners for the first division of the Halliford Maiden Stakes and looks one of the days better bets. I saw this son of the American stallion Cougar II, run a particularly promising race when finishing third behind Nicholas Bill and Valdee at Newbury six weeks ago.

Although he has since disappointed I intend giving Catechism another chance to prove that he is a useful middle-distance performer in the making.

Earlier, it will come as something of a shock to many if the progressive Stephano cannot defy a 4 lb penalty in the Kingfisher Handicap.

KEMPTON

2.00—Winter Wind
2.30—Stephano***
3.00—Glah
3.30—Perfect Fit*
4.00—Haberdasher
4.30—Catechism**
5.00—Commander Bond
5.30—Norfolk Arrow

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40-7.55 a.m. Open University. 11.25 Cricket—First Test: The Cornhill Insurance Test Series—England v. Pakistan. 1.30 How Do You Do? 1.45 News. 2.00 Interval. 2.10 Cricket—First Test; and Show Jumping (Castella Cigar Stakes). 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Scooby Doo. 4.45 Playhouse. 5.05 Horses Galore. 5.35 Roobarb. 5.40 News.

5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 The Golden Fiddle.
7.30 It's A Knockout.
8.30 Porridge.
9.00 News.
9.25 Starsky and Hutch.
10.15 World Cup Grandstand.

All Regions as BBC-1 except at the following times:—

Wales—1.30-1.45 p.m. Bys A Bawd. 5.55-6.20 Wales Today. 7.30 Glas Y Dorlan. 8.00-8.30 Tomorrow's World.

Scotland—5.55-6.20 p.m. Reporting Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School As BBC-1 3.55 p.m.).
4.30 p.m. Cricket—First Test: England v. Pakistan.
6.35 Open University.
7.00 News On 2 Headlines.
7.05 That's The Way The Money Goes.
7.30 Newsday.
8.00 The Money Programme.
8.35 Inside Story.
9.25 Cricket—First Test (highlights).
9.50 Fireworks For A Silver Reign.
10.20 The Devil's Crown.
11.15 Late News On 2.
†11.25 "State Fair" starring Janet Gaynor and Will Rogers.
1.00-1.05 a.m. Closedown. Sir Hugh Casson talks about a portrait of his daughter "Dinah," by Philip Sutton.

BBC-2 Wales only—7.05-7.30 p.m. Heddiw. 8.00-8.35 Eisteddfod Yr Urdd. 1.00-1.25 a.m. That's The Way The Money Goes.

LONDON

9.30 a.m. Canada Five Portraits. 10.25 a.m. World Cup '78. 12.00 A Handful Of Songs. 12.10 p.m. Pipkins. 12.30 Andy's Party. 1.00 News, plus FT index. 1.20 Help! 1.30 Beryl's Lot. 2.00 Merry-Go-Round. 2.25 "A Queen is Crowned." 3.50 Spiderman. 4.15 Four Idle Hands. 4.45 Magpie In Ireland.
5.15 News.
5.30 World Cup '78: France v. Italy.
7.45 Winner Takes All.
8.15 Soccer Celebrity Squares.
9.00 People Like Us.
10.00 News.
10.45 Russell Harty live at The Royal Albert Hall.
11.20 Police 5.
11.40 How To Stay Alive.
12.10 a.m. Stars On Ice.
12.25 Close—Xanthi Gardener reads a poem by Angelene Paterson.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Animated Classic. 1.25 pm Anglia News. 3.50 Valley of the Dinosaurs. 4.45 About Anglia. 10.40 Probe Special. 11.10 Friday Late Film: "The Defiant Ones," starring Tony Curtis and Sidney Poitier. 1.00 a.m. Your Music at Night.

ATV

9.25 am Satellites of the Sun. 9.35 Boney. 1.20 pm ATV Newsdesk. 1.30 Today's People. 3.50 The Sullivans. 4.45 ATV Today. 10.40 The Oliver Reed Star Movie: "Zero Population Growth."

BORDER

9.30 a.m. Animated Classics (The Black Arrow). 10.20 The Undersea Adventures of Captain Nemo. 11.20 p.m. Border News. 3.50 Dynomutt—Dog Wonder. 4.45 Lookaround Friday. 10.40 Borderers. 11.10 Love Boat—1. †12.35 a.m. Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 3.50 It's Ability that Counts. 4.45 Valley of the Dinosaurs. 6.33 Channel News. 10.28 Channel Late News. 10.42 Late Night Movie: "The Naked Runner." 12.25 a.m. News and Weather in French.

GRAMPIAN

10.20 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 3.50 Paint Along with Nancy. 4.45 Grampian Today. 7.45 The Entertainers: Tony Monopoly. 10.40 Reflections followed by road report. 10.45 The Friday Film: "Alcatraz Express" starring Robert Stack. 12.40 a.m. Grampian Late Night Headlines.

GRANADA

9.30 a.m. Clue Club. 9.50 Clapperboard. 1.20 p.m. This Is Your Right. 1.30 The Amazing World of Kreskin. 3.50 Return to the Planet of the Apes. 4.45 Granada Reports. 10.40 Reports Extra. †11.10 Great Films of the Century: "The Lady Vanishes," starring Margaret Lockwood.

HTV

9.25 a.m. Sesame Street. 1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 1.30 Look Who's Talking. 2.00 Women Only. 2.25 The London Nobody Knows. 3.20 Royal Bath and West Show. 4.45 Winner Takes All. 7.45 Report West. 8.00 Report Wales. 10.35 David Niven's World. 11.15 The Late Film: "Witchfinder-General."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.15-4.45 Camau Cantamil. 7.45-8.00 Y Dydd. 10.35-11.05 Eisteddfod Genedlaethol Yr Urdd 1978.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.00-6.15 Report West.

SCOTTISH

10.00 a.m. The Bishop's Mill. 1.25 p.m. News and Road Report. 1.30 Mr. and Mrs. 3.50 Paint Along with Nancy. 4.55 Scotland Today. 10.40 Ways and Means. 11.10 It's Friday and I'm Steve Jones. 12.20 a.m. Late Call. 12.25 Love American Style.

SOUTHERN

9.35 a.m. Sean the Leprechaun. 9.50 Rhubarb. 1.20 p.m. Southern News. 1.30 The Electric Theatre Show. 2.00 Women Only. 3.50 Adventures in Rainbow Country. 4.45 Day by Day including Weekend (channels 6, 11, 27, 42, 58 and 60). 4.45 Scene South East including Weekend (remaining channels). 10.40 Opinions Unlimited. 11.10 An Audience with Jasper Carrott. 11.40 Southern News Extra. 11.50 The Late, Late Show: "The White Wall." starring Harriet Andersson.

TYNE TEES

9.20 a.m. The Good Word followed by North East News Headlines. 9.25 Star Riders. 9.50 Phantom Pilot. 1.20 p.m. North East News and Lookaround. 1.30 Out of Town. 3.50 Funky Phantom. 4.45 Northern Life. 10.40 Sportstime. 11.15 The Friday Film: "The Night Strangler." 12.35 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 3.50 Master Chefs. 4.05 Dodo the Space Kid. 4.13 Ulster News Headlines. 4.45 Cartoons. 5.00 Reports. 5.10 Police Six. 10.40 Two at 10.30. 10.50 Friday Film: "It" starring Roddy McDowell. 12.30 a.m. Bedtime.

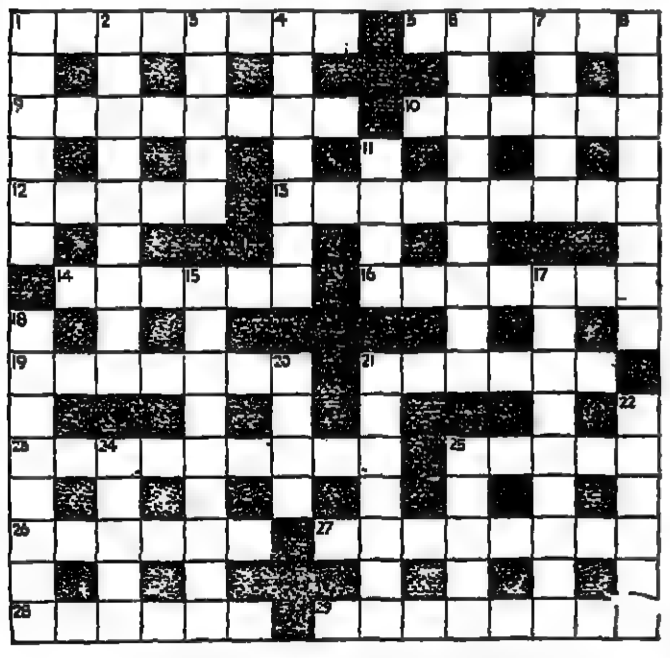
WESTWARD

9.30 a.m. Woobinda. 10.00 Inner Space. 12.26 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.50 It's Ability that Counts. 4.45 Westward Diary and Sports Desk. 10.28 Westward Late News. 10.40 Late Night Movie: "The Naked Runner," starring Frank Sinatra. 12.25 a.m. Faith for Life.

YORKSHIRE

9.30 a.m. Tarzan. 10.20 The Undersea Adventures of Captain Nemo. 1.20 p.m. Calendar News. 1.30 Houseparty. 3.50 Funky Phantom. 4.45 Calendar. 10.40 "Pretty Maids All in a Row," starring Rock Hudson and Angie Dickinson.

F.T. CROSSWORD PUZZLE No. 3,682



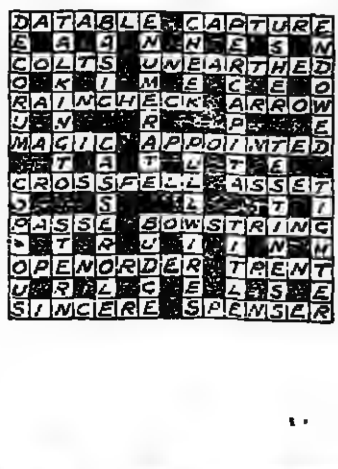
ACROSS

1 Move on board and throw fish (8)
5 Stupid fellow going round the south-east? Yes, and shut up! (6)
9 Shallow vessel containing bread is rather odd (8)
10 Disinclined to write a bit of poetry (6)
12 The poor require yens initially (5)
13 River fish to the French is detestable (9)
14 Charm a stubborn creature with a bit of tact (6)
16 Natural growth when climbed puts one in desperate straits (3, 4)
19 Common army chief (7)
21 Push around in returning to chastise (6)
23 Singer is more peaceful about notice (9)
25 Swear to heal Pole within (5)
26 Lands in eastern country (6)
27 Party going to race for a gift of money (8)
28 Left snake and its game associate (6)
29 Lay down platform to start netting fish-food (8)

DOWN

1 Scrambling fish in ghee initially (6)
2 Voice of the wheelwright? (9)
3 Money is sweet (5)
4 North American bouquet coming into being (7)
6 Sick servant? (9)
7 Wash using brush (5)
8 Act about eastern writer became more profound (8)
11 Ask to receive direction in mountain (4)
15 A singular spectacle? (9)
17 Coach the remainder outside with artistic control (9)
18 Type of paint for food container (8)
20 Wager about an old penny on female (4)
21 Fish to cook but not completely (7)
22 Flag showing bird has no pole (6)
24 Reproved sailor getting up and going to editor (5)
25 100 links more or less or precisely (5)

SOLUTION TO PUZZLE No. 3,681



RADIO 1 247m

(S) Stereophonic broadcast

5.00 a.m. As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates with the Radio 1 Roadshow. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Nat Whitworth and the New Million Airs (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 a.m. As Radio 2.

RADIO 2 1,500m and VHF

5.00 a.m. News Summary. 5.02 Ray Moore with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk and 6.02 Cross-Channel Motoring Information. 6.33 World Cup Sports Desk. 7.02 Nat Whitworth and the New Million Airs (S) in Band Parade including 7.30 Sports Desk. 8.02 John Gregory conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Free Spin. 10.30 Let's Go Latin with Carlos Romanos Big Band. 11.02 World Cup Report. 11.15 Brian Matthew introduces Round Midnight including 12.00 News. 1.15 a.m. Argentina v Hungary (report). 2.00-2.02 a.m. News Summary.

RADIO 3 464m, Stereo & VHF

(Q) Quadraphonic broadcast

6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Claudio Monteverdi (S). 9.45 BBC Northern Ireland Orchestra (S). 10.35 Young Artists Recital (S). 11.25 Cricket: First Test, England v. Pakistan: commentary, comments and summaries. 1.35 p.m. News. 1.40 Playbill. 2.00 Lunchtime Scoreboard. 2.05-6.42 Commentary with teatime and close of play summaries. 6.40 Lifelines: Leisure and Recreation. 7.00 Philadelphia Orchestra (S). 8.00 Philadelphia—A Habitable City (talk by Peter Shepherd). 9.00 Samuel Barber recital (S). 9.25 Pearl. 9.50 Interpretations on Record (S). 10.50 Music Now. 11.35 News. 11.40-11.45 Tonight's Schubert Song (S).

VHF—6.00 a.m. Open University. 7.00 With M/W. 11.25 Three Royal Choirs Sing Coronation Music (S and Q). 2.00 p.m. News. 2.05 Playbill (S). 2.25 Howells' Piano Quartet (S). 3.00 Royal Repertoire (S). 4.00 Song Recital (S). 4.45 The Young Idea (S). 5.45 Open University. 7.00 With M/W.

RADIO 4 434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming Today. 6.35 Up to the Hour. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued). 8.00 News. 8.10 Today including 8.35 News headlines, weather, papers, sport (except SW and East). 8.45 A Handful of Dust. 9.00 News. 9.05 Local Time. 9.35 A Bar for Nothing (S). 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 The Commissar in Early Summer. 11.50 Letters from Everywhere. 12.00 News. 12.02 p.m. You and Yours. 12.27 Quote ... Unquote (S). 12.55 Weather, programme news. 1.00 News. 1.30 The Archers. 1.45 Woman's Hour from Birmingham including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Royal Occasions Aware. 4.35 Story Time. 5.00 PM Reports. 5.40 Enquire Within. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week from BBC Radio and Television (S). 8.10 The Colourful History of the Balkan Thrones. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending ... (S). 10.55 My Delight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London

206m and 94.9 VHF

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 A.M.: non-stop news, information, travel, sport and review. 10.00 Brian Hayes Show. 1.00 p.m. LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight with Ian Gilchrist. 9.00 Nightline with Alan Nin. 1.00 a.m. Night Extra with Hugh Williams.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 p.m. Roger Scott (S). 7.00 London Today (S). 7.30 Headline Debate—Defence—Does Britain Stand a Fighting Chance? 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 a.m. Ian Davidson's London Link International (S).

هكذا من الأصل

Cinema

Worth shouting about

by GEOFF BROWN

The Shout (AA) Warner 2, Classic Oxford Street
Harlan County U.S.A. (A) Scala
Karl Valentin films National Film Theatre

Robert Graves' 1924 story, *The Shout*, runs to 20 pages in its current Penguin edition, which now boasts on the front cover an explanatory picture of Alan Bates shouting the optimistic legend "Now a stunning film." Jerzy Skolimowski's film adaptation (a British entry at Cannes) runs to 86 minutes, which in these days of elephantine productions is brief indeed and perfectly fitting for the elliptical, elusive happenings of the narrative. And while I'd hesitate to apply the adjective "stunning" (its temperature is too cool for that, its weight a little too slight), the film is in many ways excellent and is certainly the most presentable British product for some time.

The shouter is Charles Crossley (Alan Bates), who supposedly learned his fearful trade while living among the Aborigines: as the film opens he is an inmate of a mental asylum and scorer for their annual cricket match. While ball strikes bat he recounts the story of his shout and its effects to the scorer for the local villagers—apparently none other than *Robert Graves* himself (impersonated in a delicious piece of casting by Tim Curry). In his story he disrupts the hermetic life-style of musician Anthony (played by the customarily excellent John *Hurt*), who lives with his wife Rachel (Susannah York) and a lot of electronics equipment. Anthony hears the shout early one morning out on the sand dunes: sheep and a shepherd keel over, dead; Anthony himself is extremely disorientated, and Rachel comes more and more under the power of their mysterious visitor.

Skolimowski and his co-author Michael Austin have made an excellent job of fleshing out Graves' skeletal plot with cinematic detail. In the story the husband's daily occupations receive no mention: "It is enough to say," Graves' narrator comments, "that he was a musician, not a strong man but a lucky one."

In a film, however, it is not enough to say this: we duly *see glimpses of the musician* at work, producing sounds in his studio by scraping a violin bow across the wreck of a sardine tin or putting a mike into a bottle with a trapped wasp. The sound of Crossley's shout also seems electronically enhanced: one could take this as a sign of the film's inevitable failure to satisfactorily describe the horrors Graves could merely hint at (Graves left the shout's sound entirely to the reader's imagination). But it also serves as a pointer to the contrast repeatedly made in the film between the primordial fury tapped by Crossley and *Anthony's petty sonic tinkerings*. At the heart of *The Shout* is the same confrontation which featured in Nicolas Roeg's *Walkabout* and *Don't Look Now*, or indeed in *Straw Dogs*, where complacent, cosy individuals (architects, stone restorers, nicely educated children) are subjected to experiences beyond their ken.

The film marks a welcome return to form by the emigré Pole Skolimowski *after some* years of silence and uncertainty. One of its special pleasures is the sight of the English landscape seen by someone who still retains an East European perspective, after much wandering, delighting in the bizarre, irrational side of life. The asylum scenes are full of this—the cricket match blandly continuing while peacocks strut, cows munch and an inmate collapses backwards off his chair in pastoral long-shot. The story proper contains more unhinging details: bikes and milk bottles are brusquely knocked over; Rachel—naked on her bed, suddenly *freezes on all fours, duplicating a pose in a Francis* Bacon picture, pinned to a loudspeaker in Anthony's studio. In retrospect, parts of *The Shout* may seem much better than the whole, but it is still a film to catch.

*

Shouting of a different kind occurs in *Harlan County U.S.A.* Barbara Kopple's Oscar-winning film about striking miners in East Kentucky, which appeared at last year's London Film Festival and now provides the opening attraction at the Scala Theatre, 25 Tottenham Street, W1—premises previously occupied by the Other Cinema. The shouting here is concerned not with Aboriginal magic but with workers' rights—in particular the right to strike after their employers refused to agree to their *union's contract terms in* 1973, which ushered in 13 months of bitter wrangling and violence. People shout their fury on the picket lines; singers shout their protest songs on the soundtrack. The film itself is one long shout—an impassioned, completely partisan war cry on behalf of the striking miners, not to mention their ebullient wives, who form their own pickets, wear placards, rattle tins and generally fill the screen with their *concern for their husbands'* health, safety and pay packet.

Book Reviews appear on Page 13

Shouting, however, has never been the best way to argue or convince; if one lowers the decibels and pursues a wider line of attack the results are often more *intelligent* and persuasive. Certainly there can be no doubt about the miners' appalling conditions; neither can there be any about the blithe corruption and wilful ignorance of those ranged above them—the right-wing union chief Tony Boyle (ousted in the 1972 elections), who was capable of arranging the murder of a left-wing opponent; the company people who can reduce the number of miners suffering from "black lung" to infinitesimal, unworrying proportions. But Kopple assails the audience so heavily with emotive ammunition that there's a real danger sympathetic viewers may retreat disgruntled rather than march *alongside her. The shootings of* Boyle's union opponent Joe Yablonski and (during the strike itself) the young miner Lawrence Jones provide occasions for unseemly gloating: take, in particular, the weeping and collapsing procession of friends and relations past Jones's open bier. And all the indignation about pickets being opposed by hired gun thugs becomes a little suspect when one crucial confrontation takes place in the early morning gloom, usefully shrouding details of exactly who is hitting whom and with what lethal weapon. As the reasonable Brookside sheriff says to *the* wives' spokeswoman, blocking the road with a car: "this is not a one-sided thing, Lois."

*

The week's saddest cinema event is the destruction by fire of can upon can of material preserved at George Eastman House near New York. Details of how many—and which—items have been lost are unclear, but *10,000 titles (mostly silents)* is the gloomy total being quoted. It serves as a melancholy reminder of how evanescent film is, and until the wonderful day when all material is transferred to non-inflammable safety stock there can be no guarantee that treasurable gems from the past will be there to be treasured in the future. Meanwhile, we should catch all the rarities we can—and nothing, for British filmgoers, could be much rarer than the material on show at the National Film Theatre this evening: short films made by the Munich comedian Karl Valentin, lovingly collected and restored by Enno Patalas of the Munich Stadtmuseum.

Valentin's name may well mean more to students of Brecht than to students of film. In a 1949 interview Brecht listed some of his influences thus: "As playwright *I have copied the* Japanese, Greek and Elizabethan drama; as producer the music-hall comedian Karl Valentin's groupings and Casper Neher's stage sketches." Certainly the "groupings," as seen in Valentin's silent films particularly, are distinctive: characters and props are bunched together against a spare background—the style even appears when cameras get out on location away from stage sets and scenery. But more important still are the antics which take place within the "groupings"—knockabout clowning which exerted a strong influence on Brecht's earliest work as a playwright and became one of the many ways through which the alienation effect could be achieved.

Valentin duly appeared in Brecht's one fling at cinema direction—the 1922 *Mysteries of a Barbershop*, full of the *rowdiest humour*.

But what of Valentin himself? As a film comedian his gags may be drawn from the same repertoire which every early comic used. But as with Laurel and *Hardy, workaday material* is consistently made fresh by the grace of its execution and the unbounded charm of the performers. Valentin looks extraordinary, with his spindly frame, his pinched face decorated with unruly whiskers and a false nose which looks as though it's been squeezed out of putty. As with the best comics, the world and its objects seem permanently against him: take his attempts *to successfully adjust* the respective heights of a writing desk (too large) and a chair (too small) in the 1915 *Der Neue Schreibtisch*. His partner in most of the films is Liesl Karlstadt, who provides the foil no matter what sex or age the sketch requires: in one she appears as an orchestra conductor, in another as a young confirmation candidate. The 6.15 show is entirely devoted to the silent films; *the next session at 8.30* takes us into the sound period, where dialogue (unfortunately for English audiences) dominates over the visual fooling. But no student of film comedy (or Brecht) should miss this chance to see the work of a man who up until now has been just another obscure name in the textbooks.

Alan Bates and Susannah York in 'The Shout'

Elgar at Malvern

by DIANA McVEAGH

After a week of Shaw came Elgar's turn. In this, the second of the revived Malvern Festivals, his music is thoughtfully presented among his contemporaries and compatriots. The first recital was by the Julian Bream Consort of English Music under the two Elizabeths. The second, of sung and spoken poems performed by John Shirley-Quirk, Peter Orr and Richard Hickox, was to words by R. L. Stevenson, whom Elgar considered "so healthily good to one's soul and body," and Housman, Elgar's almost exact contemporary, which made the striking point that he never set either (reluctantly I missed this concert, being at Tewkesbury, though the two Festivals interlock more than they clash). Also this week were chamber works composed the same year by the ageing Elgar and the young Walton; and next week Vaughan Williams's Five Mystical Songs (1911), alongside Elgar's *Music Makers* (1912), performed by the Malvern Musical Society. On June 11 Liverpool forces will give *King Olaf*, a work still not in the repertory, but composed in Malvern, and Elgar's first to gain more than regional recognition. It is good to see a festival strengthening its local roots, planning around musical references rather than star performers, and presenting works out of the common run.

On Sunday, the first of the LSO's *two* concerts (packed in spite of high prices) placed Elgar with Holst, Delius and Bruch. Young Nigel Kennedy, trained at the Menuhin School, performed the G minor Violin Concerto. Though not magnetic, *his playing was sweet*, unaffected and secure enough to remind one charmingly of the boy Menuhin's association with Elgar. And it was the Bruch Concerto, in sound and sentiment, that lay closest to Elgar's style, a sharp warning against reckon*ing his music exclusively in an* English context.

The concert closed with the Variations, Op. 36. Jerrold Northrop Moore, in a talk that afternoon, stressed that Elgar called the theme only "enigma," evoked the personalities enshrined—some of whose descendants were in his audience—and came down firmly on the side of the enigma's being in Elgar's personality, not an unheard counterpoint. (The authority for a tune rests with Elgar's first biographer, Buckley, who stated that facts in his book were correct; though a reading of his correspondence makes it believable that, in all good faith, he might misrepresent the composer. Elgar, however, let the statement stand unrefuted.) Sadly, but for Elgar's sake it must be said, Christopher Seaman's conducting of the Variations was too theatrical and splashy for festival standard.

On Monday, before Dvorak's romantic yet earthy Serenade of exactly the same date, the LSO Wind Ensemble gave Elgar's Six Promenades and (another German link) Harmony Music IV of 1878-79, only recently revived. Domestic, conversational and, in this engaging performance, witty, the music is packed with individuality but yet quite unrecognisable as Elgar. Was he setting himself exercises? In the Harmony Music he plays surely and inventively with 18th-century tags, while the brief Promenades, a little more fanciful, suggest rather Schubert or Mendelssohn. But they are to be enjoyed for themselves. How warming to know that this man, to become at times so divided and downcast, could in his early twenties write music as open-hearted, blithe and thoroughly happy as this!

Sadler's Wells

Caracas—2

It seems very much the mixture as before with the second programme by the Ballet Internacional de Caracas: masses of energetic enthusiasm; acceptable local choreography; and some "bought in" items of variable quality. The two works by Vincente Nebrada were set to piano music; all the more regrettable that the instrument on which Mark Richards played had a bass like the growl of an Alsatian and a general air of having been left out overnight.

For *Shadows* the score was Debussy preludes, plus *Reflets dans l'eau*; a sometimes mist-filled stage; fussy lighting; and a decent sequence of numbers in which the dancers did what one might expect under the circumstances. There was an introspective feeling to much of the activity, at its best in a duet for Zane Wilson and Ivan Michaud in which the two men's bodies curled and curved over each other. To a trio of early Skryabin preludes Zhandra Rodriguez and Zane Wilson were caught up in the ecstatic lifts and surges of emotion in *Lento*—predictable, but predictably effective.

Of the other two pieces in the programme, Alvin Ailey's *The River* is well known from American Ballet Theatre's repertory: brash jazz from Duke Ellington, and no less brash dances, which the present company give with the utmost dedication. I was most impressed with Dale Talley's insouciant brilliance in "Main Stream," and the power he and his three companions generated in the male quartet of "The Falls." It is all, ultimately, gimcrack—and I dislike it—but its theatrical efficiency cannot be denied, any more than can the willingness of the company to give it their very best.

About the addled sextet of Margo Sappington's *Weewis* I can, but note that because of a fault in the sound recording system, the piece started, was stopped, and then began again. They shouldn't have bothered.

CLEMENT CRISP

Festival Hall

Forest Philharmonic

The forest in question is Waltham Forest, and its Philharmonic Orchestra is an essentially non-professional body. They ventured boldly into Festival Hall on Wednesday night with *Mahler's Symphony No. 2*, the "Resurrection," with the odd professional player tucked into their ranks and the Philharmonia Chorus on hand to raise the roof.

The Forest Philharmonic has been conducted by Frank Shipway for 15 years now, and this long-standing working relationship is clearly a happy one. There were no clumsinesses to excuse in their Mahler, and the *breadth of their sound* was solidly satisfying—they exercise the amateurs' prerogative of unlimited numbers, of course, and this symphony thrives with massive forces. Shipway's tempi were judicious, dramatic, well held; there was a suspicion of stop-go only in the dangerously sectional Finale, and at least the offstage brass kept their nerve and their cutting edge better than in many another assault on these *apocalyptic heights. If there was* a small, endemic weakness in the playing, it was an inability to sustain an orchestral pianissimo without bulging or wilting; in forte, their confident vitality was stirring.

The misleading smoothness of the *Ländler* Andante was undercharacterised and tame: perhaps only professional strings can point it sufficiently without losing their balance. In the "Urlicht" movement Jean Bailey, replacing Anna Reynolds, sounded thoroughly unfamiliar with the music, which went for nothing; she rose better to the pleadings of the Finale, strongly seconded by Elizabeth Harwood. The Philharmonia Chorus, in magnificent form, made a deep, full sound in the hushed invocations, and an inspiriting blaze at the climax. This devoted and thoroughly worthwhile performance was sponsored by Langham Life Assurance with the Borough of Waltham Forest.

DAVID MURRAY

Lyttelton

Plunder

A clutch of new players leave Michael Blakemore's production of *Plunder*, the most ingeniously-plotted farce I can think of, as enjoyable as it was a couple of years ago.

The principal changes are in the parts of Freddy Malone, the gentleman cracksman, and Mrs. Hewlett, the mountainous bigamist confidence-lady. Freddy is now played by John Standing, and played as he should be, as a gentleman before he is an adventurer. He fits aptly into the mansion Michael Annals has designed for him, and when he is at Scotland Yard, under interrogation for suspected burglary and murder, he treats the Chief Constable (Robert Howard) as if he were a neighbour, swopping smiles and head-shakings at the more laughable misconceptions.

D'Arcy Tuck, his asinine confederate, is again played by Dinsdale Landen. Something has gone wrong here. D'Arcy is a foolish young man, but he is not a comic. The comedy is in the lines and the situations that Ben Travers has generously given him. There is no call for all the business Mr. Landen decorates his parts with, and the fact that it raises some extra laughs is no excuse. If the lines were played simply as the author wrote them, the laughs would come just the same. They came in plenty, I am happy to recall, for Ralph Lynn.

Peggy Mount, who has taken over Mrs. Hewlett, does not make this mistake. Nothing that she does is not in character, and consequently she is as funny as she is convincing. She is a very suitable mother moreover, for Trevor Ray, who repeats his delightful performance as her son Oswald. *Prudence*, Freddie's soi-disant sister, is now in the hands of Penelope Wilton; but neither Prudence nor Joan Hewlett, D'Arcy's intended, is much of a part, and Miss Wilton and Polly Adams need only look winsome, save now and then when Miss Adams has to look conspiratorial as well. There have to be girls in a play of this kind, but Mr. Travers has sensibly kept them out of the way of the plot.

The production runs as smoothly as silk, and the elaborate changes of scenery are accomplished quickly and quietly. Who would dare to write such a farce today, with four sets and 23 characters, including eight servants? Mr. Blakemore handles it all with ability, treating some of the "extras" to some pretty business of their own. I am thinking chiefly of the police shorthand-writer, to whom my eyes kept wandering during D'Arcy's interrogation by the ferocious Inspector Sibley (Derek Newark). His difficulties in noting down such a stream of incoherence ultimately lead him to crumple up the whole thing and pitch it into the waste-paper basket.

B. A. YOUNG

Leonard Burt

Penelope Wilton, Dinsdale Landen and John Standing

Purcell Room

Sioned Williams

by ARTHUR JACOBS

A brilliant young harpist, Sioned Williams, proclaimed her gifts on Wednesday. As a distinguished recent graduate of the Royal Academy of Music, she was the *principal* artist in a presentation by the Westmorland Concerts, named after the Academy's founder and sponsored by that *institution*.

As an amateur musician of the early 19th century, the Earl of Westmorland himself would have been familiar with one element in Miss Williams's selection—those classical or near-classical sonatas in which a minor composer struggles to do with the harpist's two hands what he *could better do with those of the* harpsichordist or pianist. Given Miss Williams's precision of rhythm and sense of line and shading, even such worthies as Krumpholtz and Philipp Jacob Mayer became tolerable, and a sonata by Roessler-Rosetti positively charming.

But it was the 20th-century French repertory that best brought out the soloist's variety of tone and her ability to cope *with chords of seven* and even eight notes. Her expressive power, which missed one or two points in Germaine Tailleferre's Sonata, was totally convincing in the flamboyant music of André Caplet's two Divertissements, one in French and the other in Spanish style.

The new work of the programme fell to Ingrid Culliford, flute, and her piano accompanist Shelagh Sutherland. *A Moment's Madness* by the young Cuban-American, Odaline de la Martinez (also ex-Academy) proved to be richly inventive in declamatory style, allowing Miss Culliford to demonstrate mastery of advanced flute techniques (including the sounding of two notes at a time) while the pianist bent over the instrument to *conjure poetic rumblings from* its interior. Bach's flute (and piano) sonata in E flat was less successfully accomplished, the last movement tending to an undifferentiated scramble.

Finally, flute and harp were agreeably united in William Alwyn's *Naiades* and Ibert's fiery *Entr'acte*. But it was Sioned Williams's evening, and I rejoiced that a young performer whose personality I had *thought somewhat* inhibited a year ago has now blossomed as a rare catch on the concert platform.

Madisons

Peter Allen

by ANTONY THORNCROFT

The supper rooms that have been sprouting up all over London — well, Country Cousin in Chelsea and now Madisons at Camden Lock — have provided work for a steady stream of under-employed American cabaret artists whose greatest attraction has been their novelty. At last one has surfaced who is streaks ahead of the pack — Peter Allen, handing it out at Madisons for the next three weeks.

Peter Allen is bizarre, and not only because he is an Australian. He is a sophisticated manic, eyes gleaming, sweat oozing, fingers banging the piano like a demented Mrs. Mills. Yet the chatter is cool, quirky, and smart. Allen was picked up in Hong Kong by Judy Garland and his song "Quiet please, there's a lady on stage," is a tribute to his patroness, and he subsequently married her daughter Liza Minelli. But if they gave him the early experiences his own song writing is more recent; and tremendously varied. It is the mixture of styles, the sudden variations in pace, that make his act so appealing. Peter Allen can write the moony "I honestly love you"; the sociological "She loves to hear the music"; and the bouncy "I go to Rio," and can perform them all powerfully.

Probably Peter Allen has performed an identical act in every cabaret bar from Alice Springs to Acapulco, but it retains a freshness and a niceness which *is irresistible. Whether he is* playing, joking, dancing, or just staring with those bright eyes he is entertaining. Madisons, too, is not bad, offering a chewy dinner with your Allen for £9.

*

This is quite a week for new song writing piano players. At Mortons the American Bruce Roberts made a stylish debut. He is a more intellectual provider (he studied at the Juilliard School in New York) and looks like a rather earnest librarian. But his songs, including "You're moving out today" which he co-wrote with Carole Bayer Sager, are either witty or reflective and there is a cult somewhere waiting to adopt him.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897

Telephone: 01-248 8000

Friday June 2 1978

Overheating in the U.S.

THE SHARP rise in retail prices in the U.S. reported on Wednesday, which caused such concern domestically and in the markets, and the signs of renewed weakness in the dollar which followed, are a sharp reminder that the American miracle—the rapid and sustained recovery in output which has been achieved in the past three years—cannot go on for ever. The actual causes of the flurry this week are probably relatively trivial and may not last; but the warning signs of future trouble continue to multiply. U.S. growth will perforce slow down, and probably more sharply than at present forecast.

This slowdown is not only to be expected, but it should be welcomed. Such a sentiment may seem sadly out of tune with the chorus of growthmanship being orchestrated in advance of the Bonn economic summit, but growth is not the sole objective of economic planning at present. A reduction in the U.S. inflation rate and trade deficit would do far more to create the financial conditions in which other economies could recover than almost any other single development; the level of U.S. demand for imports is important, but secondary.

Prime reason

The prime reason for a U.S. slowdown is simply that the U.S. economy itself appears to be approaching the limits of productive capacity for the time being. The official volume indices still show some room for expansion, and the average forecast based on these figures is for a growth rate of 4½-4 per cent through the rest of this year; but there are disturbing signs that the official indices may be deceptive.

A rapid rise in wage costs, especially among the non-unionised labour force, is the clearest sign. The strong revival of credit demand after the enforced winter pause, which is now affecting the money centre banks, is another. Physical shortages have appeared in certain broadly significant sectors — aluminium, paper and board are on allocation. Meanwhile investment spending by major companies is now expected to rise by some 15 per cent in money terms this year.

All these symptoms point to one remedy: the time is clearly ripe for a check to the growth of consumer demand. This would relieve pressure, and make room for the rise in investment and for some rise in U.S. net exports, which should be eminently possible after the sharp depreciation of the dollar last year. Indeed, given the weakness of the U.S. trade balance some check to the growth of real demand is inevitable. The question is rather whether it is to be achieved by economic management, or through inflation.

Recent policy moves—the postponement of the proposed tax cuts, and the rise which has been permitted in interest rates—are in the right direction, but have not gone far enough. While the growth of Federal borrowing has been checked, the finances of state and local governments, which were until recently in large surplus, are moving the other way. Governors do not raise taxes in an election year. Since State funds will no longer be available to finance the Federal deficit, the load on private sector savings will be correspondingly greater. A further rise in interest rates, especially bond rates, is generally expected.

These developments will in due course check investment demand, *as they have already* checked the housing recovery. They will have little direct impact, however, on consumer demand; and here market pressures seem already to be a direct cause of price inflation. The rise in food prices, a result of winter shortages, is the most dramatic example, but price disciplines have generally slackened.

Normal development

Within limits, this is a normal development, and a necessary part of the adjustment implied by the fall in the dollar; if inflation peaks temporarily at 9 or 10 per cent, and then falls back to recent levels, the Administration will be able to claim a success, if an unpopular one. However, this will only be achieved if deficit spending and the growth of domestic credit are kept under much tighter control than is now the case—a real *test of the Administration's* political resolution in a mid-term election year. If that test is not passed, present fears of *faster inflation* and a renewed dollar slide can only increase.

Leaving well alone

THE GOVERNMENT is showing encouraging signs that it may have learnt the lessons *from the muddled interference* of both parties in the interest rate decisions of the building societies in 1973-74. There are *obviously even greater than* usual temptations for ministers to interfere in a probable election year. But leaders of the *Building Societies Association* apparently faced no particular pressure at a meeting at the Department of the Environment *yesterday* and *left* with the impression that any decision would be free. There is the important proviso that time *has been left* for a further meeting before the final discussion by the Association's Council next week.

The days of independence for the building societies from outside interest and involvement are now, of course, clearly over, as Mr. Gordon Richardson, the Governor of the Bank of England, indicated in his speech to the Association's annual meeting a fortnight ago. Official contacts, and probably supervision, are bound to become both closer and more continuous, not least because of the greater relative importance of the societies in the financial and monetary system. *But there is an important* distinction between these structural questions and interference in the societies' operational decisions, where Government involvement has not proved to be beneficial.

Objections

There are objections on grounds both of principle and of practical consequences. There is no reason why home-buyers should be protected by the Government from the impact of a general rise in interest rates. Purchasers of *consumer durables on hire* purchase are not similarly cushioned. The only equity achieved would, perversely, be with the other major subsidised group of local authority tenants.

The only half-way acceptable *argument for intervention* reflects the societies' cumbersome and costly method of altering interest rates. This limits the number of times changes can be made. There might be a case for government help if *there were good grounds for* believing that a rise in general short-term interest rates was temporary. Even so, the *societies' reserves of short-term* deposits are partly intended to cover such a possibility. In any event this does not apply *now as there is what looks like* a longer-run shift upwards in short-term interest rates.

The consequences of Whitehall interference in interest rate decisions have generally been counter-productive. The move by the Conservatives in 1973 to limit the interest rate paid by clearing banks on deposits of under £10,000 only postponed a rise in the *societies' rates, while the* Labour decision in 1974 temporarily to lend £500m to the societies pushed up the borrow*ing requirement at the wrong* time for the markets, as it would now.

Gratuitous

At present, the societies' net inflows are falling sharply—possibly down to £150m this month compared with £335m in April—while their liquidity is also dropping steadily. Consequently the Government's indication *yesterday that earlier restric*tions on lending would be removed is completely gratuitous, as was the move in March to cutback *the previously agreed* level of advances.

The societies may have to respond to the generally higher short-term interest rates if they are to avoid sharp fluctuations in lending. There are divisions within the Association on whether to increase rates now or to wait for a month or two. Ironically, some within Whitehall believe that if there is to be an increase there are political advantages for Labour in a move soon rather than relying on exhortation now, followed by a possible rise in the early *autumn. Either way, the Govern*ment should resist the temptation to make a last minute intervention next Thursday after *the meeting of the societies'* home policy committee and before the final decision is taken a week to-day.

A controversial cure for mass unemployment. Christian Tyler, Labour Editor, reports

Unions' crusade for the shorter working week

THE DOCKERS' union leader Tom Mann wrote in 1889: "Six hours a day, five days a week is quite enough for such work as we have to do. We must not rest until there is not a single man out of work."

Tom Mann argued for a 30-hour working week. To-day, 90 years later, the standard week in Britain is 40 hours for manual workers and around 38 for white-collar workers; but Britain's chronic enthusiasm for overtime means that actual working hours are nearly 46 for male manual workers on average. In some parts of manufacturing industry overtime is eight or more hours a week.

The arguments of the 1880s are returning in force today, as British and Continental trade unions, with some encouragement from the Common Market Commission, look for an answer to high and persistent unemployment which shows no signs of abating before the mid-1980s. Work-sharing is on the agenda of most European Governments and of the tripartite employer - Government - union summits in Brussels. There are some 6m unemployed in the EEC countries, of which one in every three is under the age of 25, and as many as 7m new people could join the labour market in the next four and a half years.

Faced with these kind of forecasts, unions are beginning to doubt whether reflation alone would mop up the large and demoralised pool of the unemployed. They want direct action; and in Britain, along with countries like Belgium, the most popular union answer is to fight for the shorter working week, simply because—more than job subsidies, early retirement, longer holidays, or even cutting overtime—it could channel large numbers of people into jobs.

'Both sides of industry in Britain agree that whether or not the next wage round sees any negotiated inroads on the 40-hour week—and here the shape of Stage Four of incomes policy will be crucial—the issue of the shorter week has come *to life this year*, and will not go away. The CBI, for example, has started to research the cost consequences of the unions' claims for a 35-hour week and to devise a policy for meeting those claims not only in the next wage round but in the years ahead. The Department of Employment has been publishing a series of articles about the different ways of tackling unemployment—including the 35-hour week. Meanwhile Government, employers and unions are watching with interest recent developments in the rest of Europe, for example, the success of Belgian public sector unions in winning from their government a 38-hour week from next year.

For many years, the trade *union demand for a shorter* week—and even, it has to be said, for action on unemployment generally—has been a routine battle cry. In the last 12 months or so, and with what appears to be gathering speed, sloganising has given way to real alarm among unions.

Much of the responsibility for bringing the shorter working week into the arena must go to the Transport and General Workers Union and its former general secretary Mr. Jack Jones. He—as with so many other things—started the ball rolling about two years ago.

His first tangible success, perhaps little noticed outside union circles, was to swing the European Trade Union Confederation behind the policy at its London conference in April, 1976. Since then, the TGWU has been collecting statistical ammunition for the case, and pushing it under employers' noses in negotiation. The Ford Motor claim last year contained a long analysis, prepared with the help of Mr. John Hughes, director of the trade union research unit at Ruskin College, Oxford. The building and civil engineering employers were asked to consider the case this summer. Many more employers will face the claim this winter. Other evidence of the way in which the argument is crystallising came from the Scottish TUC in Aberdeen, where union leaders told their audience, in effect, to stop talking, get off their backsides and "negotiate more people into jobs," while Mr. Albert Booth, the Employment Secretary, pointed out the high cost of cutting the week without loss of pay and suggested that to cut overtime working was the better solution. The theme is recurring at the summer conferences of individual trade unions.

At the bargaining tables of industry itself there has been *little movement since 20 years* ago, when 44 hours—including Saturday morning working—was standard. From 1959 to 1961 there was a general move to 42, and between 1964 and 1966, to 40 hours. Outside clerical jobs, a week of less than 40 is uncommon although underground miners are on 37½ hours over five days (and are looking for a four-day week). This January, the firemen—not a typical case—secured a commitment to bring their standard week from 48 hours down to 42, and an offer fulfilling that promise but with strings attached will be made to the Fire Brigades Union today. The nurses, as part of their April 1 wage deal, won a qualified promise that they would move to 37½ hours by 1981, after they had claimed 35 hours. This promise was partly in response to the Halsbury report of 1974 which, recognising that nurses work a longer week than other non-manual employees, said a reduction to 38 should be made "as soon as *practicable.*"

TWO VIEWS OF EFFECTS OF REDUCING NORMAL WORKING WEEK WITHOUT LOSS OF PAY

TABLE A. THE GOVERNMENT

Example		Cut to 35 hours			Cut to 38 hours		
		Registered unemployment '000	Labour costs %	Government expenditure £m	Registered unemployment '000	Labour costs %	Government expenditure £m
A	Large employment effect	—480	+7.0	—650	—200	+2.5	—250
B	Medium employment effect, low productivity	—350	+8.5	—950	—150	+3.0	—350
C	Medium employment, high productivity	—250	+6.1	—700	—100	+2.2	—250
D	Small employment effect	—100	+6.4	—800	— 40	+2.2	—300

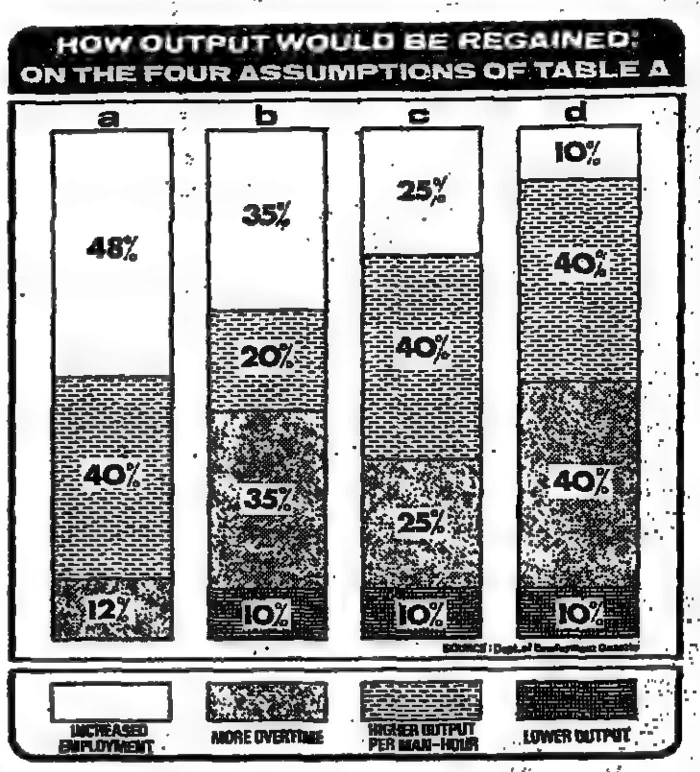
Source: D E Gazette, April 1978

TABLE B. RUSKIN COLLEGE

EMPLOYMENT EFFECTS OF CUT TO 35 HOURS

Example	Original estimates		Revised estimates	
	Increased employment 000's	Reduced unemployment 000's	Increased employment 000's	Reduced unemployment 000's
A	+738	—480	+890	—580
B	+538	—350	+650	—420
C	+385	—250	+470	—300
D	+154	—100	+190	—120

Source: Trade Union Research Unit, Ruskin College, May 1978



The only well-publicised case where blood is being spilt over the shorter working week is that of the Post Office engineers, *who, in pursuit of a demand now* seven years old, are applying sanctions to new telephone equipment with considerable *effect. There is no sign that* the Government will allow the Post Office Engineering Union to make a breakthrough that would *quickly* be *followed* up throughout the public sector, and it looks as though the union's negotiators will not even *be able to tell their conference* delegates next week that a forward commitment is in the offing.

The POEU's case is not, of course, mainly based on the desire to keep or create jobs, even though the union is uneasy about the staffing implications of new technology. It is for comparability with clerks, who work 37½ hours, and recognition for the members contribution to productivity over the last ten or 15 years.

As the TUC's last economic review makes clear, trade unions are well aware that reducing the working week will be expensive and they do not *disagree* with the Department's estimate (see Table A) that the cost could be up to 8 per cent. on the wage bill. They are also aware that to the extent that extra productivity recoups some of the cost, the extra job opportunities will diminish.

Nor do they discount the argument that unless there is a joint EEC move to shorter hours, a cut in the week would put Britain at a competitive disadvantage and increase the risk of closures and redundancies that would pull in the opposite direction to that intended.

Where there is plenty of room for disagreement is in the assumptions about how much extra overtime would result. The Department of Employment's assessment in the April Gazette has already been attacked as misleading and in some parts wrong by the Ruskin statisticians, who generally take a much more optimistic view about the "affordability" of the shorter week. Indeed, the Transport Workers states quite categorically, first, that a shorter week does not increase labour costs per unit of output, and second, that re*ductions in the "normal" week do* cause similar reductions in actual hours of work.

The union, in other words, is trying to force employers to question their own assumptions and to show that Whitehall tends to be too pessimistic about the case for the 35-hour week. It believes that there are strong economic arguments to bolster the moral case for this kind of work-sharing. First it points to *the benefit to the Government* (less unemployment benefit to pay plus increased tax revenue)—which, however, accounts for only about a sixth of the total cost to industry—to argue that the Government should not only take a lead with its own employees, but could also share some of that benefit with employers, by, for instance, reducing or waiving national insurance contributions on new employees.

Secondly, it insists that reflation without a sharp and simultaneous reduction in unemployment will not work the cure. Companies should be encouraged to gear up with extra labour—for example to introduce two-shift working instead of single-shift—ahead of the demand the reflationary injection will create. For the reflation to be sustained, so the argument goes, there must be spreading both of the work *and of* the growth in incomes.

The cost of increasing the labour force, it says, could be largely met by raising productivity. Indeed, the union believes, not only would genuine productivity bargaining be spurred by negotiated cuts in the working week, but that without it productivity bargaining will begin to dry up as unions become increasingly reluctant to sell jobs in exchange for money. As it is, there are plenty of restrictive practices left in British industry that could be sold back to the employer. Its main complaint about the Government's response is that it encourages what one union official called the "benumbed, negative and protectionist attitude of management today." Overtime, too, should be "bought out" as much as possible except where it is genuinely needed for flexibility in production.

This line of argument prompted not only by the UK's 1.35m registered unemployed, but also by the suspicion that the automation scare of the 1950s is at last coming true—that "technological unemployment" is coming over the horizon. Department of Employment officials are sceptical, and thus are loath to recommend "irreversible" job creation measures like the shorter week in case Britain finds itself in seven or eight years with a labour shortage when the effects of the contraceptive pill and of a falling birth rate begin to show through.

Whatever the arguments, the CBI and Whitehall—and some trade union leaders too—doubt that the shopfloor really wants a shorter week unless it is to boost overtime earnings, and that there will be little real pressure for it this year. According to other accounts there is a real demand for 38 or 35 hours—especially from shiftworkers and even more especially from Friday night shiftworkers. Whether the campaign produces results in 1978 and 1979 will *depend on* the Government's design for pay restraint after July 31 and its discussions with the TUC. It will depend on whether negotiators will be asked to trade increased leisure for part of their pay rise under an incomes policy "norm." But no one doubts *that* Europe's unemployment has started something, and that Tom Mann's 30-hour week is edging closer.

MEN AND MATTERS

Blueprint for a Congo invasion

Moise Tshombe's name is rarely mentioned in the current international debate about the causes of the trouble in Zaire. But *few* people know that after being spurned by the West, he sought help from the Soviet *Union to stage an uprising* against President Mobutu, long before the latest wave of communist activity in Africa. The detailed plans the former Katanga leader put forward as long ago as 1966 may well have been taken down and dusted in *Moscow recently.*

The man who during his secessionist days in Katanga was supported by rightwing groups and had close links with Rhodesia, made a dramatic—but secret—switch while in exile. Realising that Mobutu, who had ousted him from the Congolese premiership, was being heavily backed by Washington through the Central Intelligence Agency, *Tshombe* decided to try *his luck* with the Kremlin. From his hideout in Madrid he sent an appeal for money and arms, *claiming that for his uprising* he could rely upon "11,000 Katangese gendarmes previously attached to the Congolese *National Army." Some of these* tribal supporters of Tshombe may well have been in the rebel force that recently took Kolwezi.

I have a photocopy of Tshombe's secret memorandum, which he signed on every page. It was taken from Madrid to the Soviet Embassy in London by Dr. Gaston Greco, a West Indian from Guadeloupe; he had formerly been a counsellor at *the Congolese Embassy in* London, but lost his job when Mobutu came to power. Tshombe told the Kremlin: "We would *like to establish a Congo which* would be closely allied to the Soviet Union, as well as to other socialist countries." He attacked American influence in the Congo and said that once he was back in power the Russians would be welcome.

"Seems to be a case of nature following the National Institute!"

But Tshombe never got back. The Russians did not give him the BFr 510m he wanted (about £4m at that time). Nor would they give him arms, which he planned to move in through Angola on the route used by the rebels more recently. A year after Tshombe sent his secret memorandum he was *hi*-jacked over the Mediterranean; it has never been explained who set it up. He died under house arrest *in Algeria.*

Bury his heart . . .

Richard Jacob, burly chairman of Dayco, the U.S. plastics and rubber engineering company, is in Britain as part of his search for a site to build a new factory in Europe. But he appears to be *able to do without any help in* the way of incentives. Grants for going to special development areas "just don't figure," he says. "They usually have labour troubles. It's like sticking a factory out in our Indian reservations. As soon as you have done it, you want to come back to the cowboys' side."

Ideological idiom

At a rally of Catalonian communists *in Barcelona,* the guest of honour, Italian Communist Party boss Enrico Berlinguer, scored a linguistic *triumph this week.* He addressed the crowd in fluent Catalan. In the part of Sardinia where he was born, it is the local dialect, *because Catalonian armies once* occupied the area.

But when the Spanish Communist leader, Santiago Carrillo, stood up and tried to follow suit, fate decreed otherwise. A freak gust of Barcelona wind blew away the text of his Catalan crib.

Naval manoeuvres

Latest arrival in the boardroom of Vosper Thornycroft, the South Coast warship builders, is Vice-Admiral Sir Anthony Troup, 56, who not long ago was running NATO's submarines in the Eastern *Atlantic. He* becomes deputy to the chief executive, Andrew Shaw, who is 38.

Shaw himself arrived dramatically at the top in January from Vosper Thornycroft's little-known engineering subsidiary. It was forecast then that more boardroom changes would follow. I gather that one or two resignations are now on the way, although whether these signify disenchantment with Shaw's style or a more deep-seated dislike of working for a nationalised industry remains unclear.

From Singapore comes news that Vosper Thornycroft's former boss, Sir John Rix, is wooing some of the same customers he dealt with in his South Coast days. He now runs Vosper Limited—the bit of the business left in private hands after nationalisation. Vosper, with a shipyard in Singapore, is in particular trying to sell more boats to Kuwait. Recently, Vosper Thornycroft lost a $500m. deal with the same Gulf country. After months of effort and the near certainty of landing the deal, Shaw's men were apparently told that their boats were too fancy and that they should design something simpler.

This almost certainly puts Shaw's team into direct competition with Rix. The latter will shortly, I understand, be strengthening his senior management—with at least one recruit from the board of Vosper Thornycroft.

Touched up

"Flesh and spirit" is the enticing title of an article I have just been reading in what Aer Lingus describe as my "personal copy" of their in-flight magazine, Cara. The article is a polished piece of purple prose about the joys of the island of St. Honorat. This is just off Cannes and the writer extols the situation there with people lying "topless and beautiful like shiny mackerel on the silver sand outside the hotels."

But St. Honorat, I learn, is a holy place. The monastery where tourists can stay was founded by the Cistercians, and both St. Patrick and the Venerable Bede boarded there. So it is only right and proper that Aer Lingus should have kept up the tone by very obviously painting a bra on a "mackerel" with whose photograph they illustrate their piece.

Observer

POLITICS TO-DAY

What to do about Africa

"Our alliance centres on Europe, but our vigilance cannot be limited to that continent."

THOSE WORDS of President Carter's to the NATO summit meeting this week epitomise the debate that seems to have sprung up almost everywhere one goes: what, if anything, should the West do about Soviet and Soviet-Cuban intervention in Africa?

Only a few years ago the question *would* scarcely have arisen. The Soviet Union simply did not have the capability to project military power so far afield, and if it had tried on anything, it would have been firmly checked: the U.S. would have warned that detente was indivisible and could only be harmed by extending East-West competition to new parts of the globe. In all probability, the Russians would have drawn back.

Three factors seem to have changed.

1 The steady build-up *of* Soviet military power has meant that the Russians can now intervene on a world-wide basis, especially if they can use the Cubans as proxies.

2 After Vietnam the U.S. is no longer anxious to act as the world's policeman: it will not automatically respond to Soviet expansionism.

3 *It has become clear* that large parts of Africa are fundamentally unstable. A large amount of trouble can be caused by the introduction of only small outside forces, as the second invasion of the Shaba province of Zaire within 18 months has shown.

There is no reason to believe that any of this will change *again in the near future.* Indeed the invasion of Shaba could well become a recurrent event until such time as the invading forces succeed in gaining control.

That is why the question of what the West should do about it can hardly be avoided. In seeking the answer two principles must be borne firmly in mind. *The first is the need for* the West to be as far as possible united. The second is that there must be a reasonable chance of whatever the West decides to do or not do coming off.

Both principles are more complicated than they look. Western unity, for example, need not mean NATO unity; nor does a collective western response mean that all members of the Atlantic Alliance need to be actively involved. There does need to be, however, a minimum level of agreement that *whatever is done by some members* of the alliance will not be attacked or undermined by those members of the alliance which do not participate. In other words, the West's Africa policy should not be one which causes dissension among the allies to the point where the functioning of the alliance elsewhere is impaired.

In this context it should be noted that the argument about NATO being prevented by its founding treaty from acting south of the Tropic of Cancer is a red herring. That particular article of the treaty was included *only* as an interpretation of Article 5, which obliges members of the alliance "to consider an armed attack on one or more of them in Europe or North America an attack against them all." The treaty says nothing at all to prevent NATO action in Africa either collectively or by individual members, and there have *long* been contingency plans for such action to be undertaken: for example, in the Indian Ocean.

The second principle, of the need for any Western action to be viable, also has longer-term implications. For instance, the French intervention in Shaba *last month seems to have been* effective up to a point. It was reasonably popular, too, in that it produced plaudits from Washington and that there was very little opposition from French domestic opinion. But there remains a series of questions. Are the French to go into Africa every time a pro-Western regime is threatened? Do they have the capability to do so, even *if* they wish to? What are they to do if the rebel forces and their Soviet and Cuban backers simply switch their attention to *another* part of the continent?

Minerals

Besides, the embarrassing fact is that the French may have succeeded in checking the latest invasion of Shaba, but they have not succeeded in restoring production of minerals. Yet it was the West's dependence on African natural resources which was supposed to be one of the reasons making Africa, and especially Zaire, strategically important.

There is again the wider question of the effects of western intervention in one part of Africa on other African countries. The only country, apart from Cuba and the eastern bloc, that can really be pleased by what is going on at present is South Africa. Yet if the West is to intervene to defend any regime that is being *attacked by the Cubans and the* Russians, ought it not logically to defend South Africa itself? That is, no doubt, what the South African Government *hopes.* It is *also* what Mr. James Callaghan, the British Prime Minister, fears. Not least, there is the effect of such action on Nigeria, by any *standards a regional super-power* which the West ought to be cultivating, and which the Carter Administration has been cultivating. Is intervention in Zaire worth it if the result is to alienate the Nigerians?

Again in the longer-term one wonders how long western public opinion will accept western military involvement in Africa. Probably it will be accepted just so long as it works, rather as American public opinion might have accepted U.S. involvement in Vietnam if it had paid off. But the problem is to define what one means by working. Does one want to defend the regime of President Mobutu of Zaire in the name of western democracy or because of dependence on that country's raw materials, or both?

There are problems either way. In the *first place*, the regime is undemocratic and corrupt. In the second, the persistent fighting means that the supply of raw materials dries up. There is not only very little present production: there is also no possibility of new investment. If this kind of situation continues, it does not seem to me that it will be very long before western public opinion says that the game is not worth the candle.

What is more, the side-effects of losing public support could be very considerable. France, for example, has already lived *through periods when its external policy caused problems at* home, and it was not a very pleasant experience. So has the U.S. during the Vietnam war: *there was domestic unrest, and* there was a sharp deterioration of European-American relations. It is for those reasons that one stresses the need not only for Western policy towards Africa to be based on consensus, but also for it to be viable in a way that U.S. policy towards Vietnam never was. The U.S., in fact, never knew whether it was winning the Vietnam war or not, because it had never satisfactorily defined why it was involved in the first place, nor what winning meant, *and there was a whole range* of factors—like public opinion or the side-effects of American involvement — which were never fully taken into account.

The conclusion from all that is that the West needs to be very careful indeed in deciding how far Africa, or parts of Africa, are strategically important. The raw materials case does *not seem convincing, partly for* the reason already given that production does not take place in areas of near-continuous fighting, but also because there are usually alternative sources available elsewhere, especially in the developed world. Free market economists at least should recognise that it is only a case of market and price adjustment.

What might be called "the trade routes case" for the strategic importance of Africa is also suspect for the simple reason that if the Soviet Navy were suddenly to declare (say) parts of the Indian Ocean prohibited to western vessels, the West could perfectly well retaliate closer to the Soviet Union where the Russians would really be hurt: for example in the Baltic. One assumes that the Russians know that: if they do not, there is no harm in their being told.

And yet if all the above suggests that the strategic importance of Africa is minimal, and that the chances of a viable long-term Western support operation being mounted on the spot are even less, the worrying question remains of the overall effects on Soviet policy of the Russians being allowed to spread their influence through the continent almost unopposed. Will they not conclude that they can get away with almost anything and go for something bigger? And will not the rest of *the world draw the conclusion* that the West has lost the will to resist Soviet expansionism?

The cynical answer is that in time the Russians will dig their own grave. They will prove no more capable of running Africa than anyone else. The African involvement, in short, will become the Russians' Vietnam. The problem with that is the problem posed by Keynes: "In the long run we shall all be dead." And it may take a very long time before the Russians' African adventure turns against them.

It seems to me, therefore, that the response to the question "What should the West do about Africa?" cannot quite be nothing. The real mistake, however, would be always to *meet Soviet advances where* they take place. There are, in fact, plenty of areas where western displeasure at Soviet intervention in Africa could be effectively expressed. For instance, the document on the basic principles of relations between the U.S. and the Soviet Union signed in May 1972 says that "both sides recognise that *efforts to obtain unilateral advantage at the expense of the* other, directly or indirectly, are inconsistent with the objectives (of detente)." That document *has not been invoked, and be*cause it has not been invoked the Russians are encouraged to go on doing what they are doing.

It would also be possible for the West to step up its own armaments programme even more than it has been doing at this week's NATO summit. President Carter could reverse his decision on the NATO neutron bomb, and he could play up the growing reluctance of the U.S. Senate to ratify a second strategic arms limitation agreement (SALT 2). Not *least, there could be a quite* different line on western credits to the eastern bloc and the transfer of technology.

In Africa itself the West could do worse than to revert to the doctrine of a U.S. President now rightly discredited, but who was one of the original architects of detente. The Nixon Doctrine of 1969 said that the U.S. would keep its treaty commitments and "would provide a shield if a nuclear power threatened the *freedom of a nation allied to the U.S. or whose survival was* considered vital either to the security of the U.S. or to the security of the region as a whole." It added: "In cases involving other types of aggression we shall furnish military and economic assistance when requested and as appropriate." The point was in the tail: "But we shall look to the nation directly threatened to assume the primary responsibility of providing the manpower for its defence."

*That might not be a bad doc*trine for the West as a whole to apply to Africa. We shall help those who help themselves, but we shall intervene directly only when there is a clearly established need to do *so and we know what we are* doing. Meanwhile, we shall stand up to the Russians at a place of our own choosing.

Malcolm Rutherford

Richard Nixon: a shield offered against attack.

Jimmy Carter: vigilance not limited to Europe.

Letters to the Editor

A rose by any other name

From Mr. K. T. H. Graves

Sir,—A rose by any other name will smell as sweet. Here we are with the Bank of England Minimum Lending Rate to be fixed by administrative decree (as was latterly the old Bank Rate), rather than to be automatically determined as the product of market rates. This had of course already become the position de facto; but now we have de jure a move back to the old Bank Rate mechanism; the Bank Rate having been (at least in theory) the determinant of other short term rates, rather than determined by them. There were of course occasions on which there was not enough elbow room between the Treasury Bill rate and the Bank Rate, so that the Bank of England was not able to keep the whip hand. We therefore had "technical adjustments" of Bank Rate in order to restore some required margin.

It had been hoped that changes in MLR would not attract the same attention as changes in Bank Rate had done. Bank Rate had, as a symbol, come to command a measure of respect to which it was not entitled, and had come to indicate major shifts in Government policy which were not in fact taking place. It was as though the trumpeter were sounding an uncertain sound which left the troops in some confusion. It had ceased to be a penal rate for the Discount Houses when they were forced into the Bank." The tail was wagging the dog. In practice, MLR has come to attract as much attention, and market forces would at present push it to levels which are politically unacceptable.

I have always argued that Competition and Credit Control, introduced in September, 1971, [illegible] of which *MLR came (in* October, 1972) to be a part, is a fair weather set of instruments. At the time of the introduction of CCC, I delivered a paper to the Institute of Bankers in Liverpool in which I prophesied that we would end up with an old type credit squeeze. Either we have free markets or we have not. As it is we have an ambiguous position in a number of areas. We have an administered "market-determined" MLR; we have an administered "floating" exchange rate; and we have the withdrawal of support from the gilts market (save for those with no more than a year to run to maturity), while, at the same time, the Government is reluctant to pay the going rate in order to fund its debt. We have *a measure of* competition and very little credit control. Until real credit control has come [illegible] the stagnation of the economy.

What now seems alarming is the attempt to fix both the level of interest rates and the volume of the money supply. A previous notorious attempt to do this [illegible] Dalton's chancellorship [illegible] to the monetisation of the National Debt; the authorities losing control of the money supply and the Treasury Bill becoming, in the words of Sir Oliver (now Lord) Franks, "the modern *counterpart of* the printing press."

What is perhaps even more alarming is the constant erosion of the authority of the Bank of England. The Bank is (or ought to be) more than just a City branch of the Treasury. It ought to be able, as the first Governor of the Bank said, to give its advice even to the point of nagging. The old Bank Rate came to be movable only after consultation with the Treasury. Now we have MLR. *Some time ago the Prime Minister* told us that he had taken personal charge of the foreign exchange rate.

Though I am essentially a market economy man, I am no believer *in pure laissez-faire*, and I have much sympathy with some forms of Government intervention when it pursues certain economic and social ends, rather than party political *ends. It is for the Government* to control its own spending if it wishes to keep interest rates down; but we appear to be attacking, once again, the symptoms rather than the *disease. It is the IMF which* is seeking to attack the disease —and all power to its elbow! Holding down the level of the mercury in the thermometer does not alter the temperature.

K. T. H. Graves.
259 Teehey Lane,
Bebington,
Wirral, Merseyside.

Producing oil from coal

From Mr. W. C. R. Whalley.

Sir,—Current interest in the production of oil from coal seems to ignore German and British experience during the 1930s. The Germans took 10 years to work up to a production of 7m tons of oil per year. The plant at Billingham made 150,000 tons a year of petrol, at a cost of around 3p a gallon, from coal with a pithead price of 87p a ton. The newer processes are expected to make petrol at 50p a gallon from coal at around £30 a ton. These figures do not indicate that any dramatic advances have been made, *in what in any case can* only be an uphill struggle. Bone and Himus' *Coal* (Longmans Green) 1936, gives a good account of the hydrogenation of coal as it was then.

A notable point is that the conversion of coal to oil demands the addition of some 5 per cent of its weight of hydrogen. The manufacture of this hydrogen is a heavy burden on the process. *If it is made from coal the con*sumption of coal is doubled to some four tons per ton of oil produced. If on the other hand nuclear power were used for the electrolytic manufacture of *hydrogen, two tons of* coal would suffice for one ton of oil. This would provide an ideal steady load for a nuclear station: 2,000 MW would generate the hydrogen required for 1m tons oil a year. *Naturally an outlet* would have to be found for the concomitant production of 8 tons oxygen to every ton hydrogen, i.e., 800,000 tons oxygen in the case considered. The obvious solution would be to use *this* oxygen to produce more hydrogen by the water gas process, thus reducing the consumption of nuclear power at the cost of increasing that of *coal.* The long-term nature of any such programmes is apparent.

W. C. R. Whalley.
105, High Street,
Hungerford, Berks.

No welcome for Yanks

From Mr. W. J. Bomford.

Sir,—Lincolnshire, states your Parliamentary Correspondent John Hunt (May 27) is keen to give a home to 15 giant U.S. Air Force tanker aircraft. The KC-135s, adds Aerospace Correspondent Michael Donne, "would be welcomed by the locals."

Clever fellows, Messrs. Hunt and Donne; cleverer still their informants. These gentlemen *have looked into the hearts and* minds of each man, woman and child in the county and have seen inscribed in letter large: "Welcome, KC-135."

God, it seems, is no longer unique in His omniscience. Two mortals at least are just as all-knowing as He. They are Mr. Richard Body, MP for Holland and Boston, and a spokesman for Lincolnshire County Council *(unfortunately anonymous in the* television coverage of the issue and in the Press to which I have access on holiday).

I congratulate them. Omniscience is far cheaper and quicker and much less troublesome than the usual means of gathering opinion—consultation, debate, survey and referendum. Let sociologists, market researchers and those who conduct public opinion polls spend thousands on their complex and time-consuming games. Lincolnshire's leaders have no need for these outmoded methods. Quicker than a streak of lightning, faster than a flash of JP 4 aviation fuel: they know.

They know we would welcome the shattering roar of the world's noisiest aircraft, the stench of dark smoke and kerosene, the terrible hazards involved when huge quantities of aviation fuel are transported or stored.

They know we would welcome the resulting traffic jams, the loss of agricultural land when runways are extended, the physical and financial threat to our properties, the noise-stress imposed on hospital patients.

They know that Lincolnshire *folk are different—quite unlike* the tens of thousands who have protested in other parts of the country—that Lincolnshire folk are willing to barter their health, safety and sanity for a few jobs and a little extra trade.

Yes, gentlemen, we, the people of Lincolnshire, would welcome the KC-135 tanker aircraft. Not likely.

William J. Bomford.
2, Club Yard,
Blacksmith Lane,
Harmston, Lincoln.

Cost of the water supply

From Mr. W. L. Wolsey.

Sir,—The letter in your issue of May 27 from Mr. R. K. Thirkell made interesting reading pointing out that the increase in the water charge from £10.06 to £13.30 and sewerage from £7.90 to £11.40 did not tie up with the council's statement that less would be payable now the charges have been separated from the general rates.

Many people under the Welsh Water Authority must feel unfairly treated if and when they see figures like those given by Mr. Thirkell.

My chalet-type bungalow here in Penmaenmawr has a rateable value of £143 (as against Mr. Thirkell's quote of £190 RV) and my account is:

Water supply	£21.16
Sewerage	22.88
Environmental services	1.06
Fixed charge (water)	5.00
Total	£50.10

Based on my RV £143 as compared with Mr. Thirkell's RV £190, if charges were uniform throughout the country I would be paying about £17.50. Surely these charges, by any criterion, should be uniform throughout the British Isles.

W. L. Wolsey.
Bleasdale, 9, Gogarth Avenue,
Penmaenmawr, Gwynedd.

With strings attached

From Mr. F. Courtney

Sir,—I feel David Bell misses *the point completely in his other*wise very interesting article published today (May 31).

Surely the point is, that ever since Bretton Woods the IMF suffered from a quite mistaken *economic principle built into the* framework of the IMF and that is that chronic deficits are to be subject to penalties, whereas chronic surpluses were to be free from that obligation.

The American multinationals have thus grown up all over the Western World, financed with moneys which originated out of chronic surpluses and which strictly speaking should never have been allowed to belong to them. The German chronic surpluses are again the result of American *multinational* activities one stage removed.

Since these multinationals kept growing at a pace which could not be financed indefinitely out of chronic surpluses alone, it led to the setting up of the Euro-Dollar Market in London on the one hand and inflation *on the other.* The Eurodollar Market provides local currencies for American multinationals and truly huge windfall profits for the British banking system without affecting the American balance of payments and inflation provides that part of local currencies for the multinationals, which cannot be provided without upsetting the equilibrium of the foreign currency markets.

Bearing that in mind, it is surely a travesty of justice that the Third World countries who provide the basic raw materials for the self same American multinationals should be forced to devalue their currencies as an IMF condition for further aid, because all that means in practice is that the multinationals get their raw materials cheaper and the IMF will ultimately have to write off billions of dollars as bad debt, leaving two-thirds of mankind in a far worse *position than at the height of* the colonial empires, which the American people aimed to "liberate" after the second world war.

But before we leave the subject there, let's have a look at the rather slanderous words—bad debt. Here we have two-thirds of mankind who can least afford it, having to pay highly inflated prices for all their most basic requirements, whereas the one product which can redress the balance, their own basic raw material export moneys must be pawned to the American multinationals' financial muscle power in order to receive further "aid."

Is it any wonder that more and more Third World countries look towards Moscow for a helping hand, but Moscow can't provide it either, because the Russian economy is constantly being pushed to the limits of its resources to keep pace with American armament production, which is the only market the American multinationals can rely on, since their own financial policies are bringing capitalism to the very edge of an abyss.

We are in fact witnessing a self-perpetuating war machine *being accelerated to its ultimate* conclusion, just because nobody is prepared to face the facts.

A prosperous Third World financed with liberal credit facilities amounting to at least *5-10 per cent of the developed* countries' combined GNP is our only alternative to utter extinction.

Britain with its newly accumulated truly huge wealth—not the Britain recently portrayed in a series of articles in the Sunday Times under the heading "the day the pound nearly died"—must lead the world back to sanity.

F. Courtney.
96, Sandown Court, Southport.

Today's Events

GENERAL

Twenty-fifth anniversary of the Queen's Coronation.

Prime Minister addresses United Nations special session on disarmament, New York.

UK official reserves (May).

Mr. Leonid Brezhnev, Soviet President, ends four-day State visit to Czechoslovakia.

Special conference of National and Local Government Officers' Association (NALGO) on pay policy, Central Hall, Westminster.

General secretaries of the four main print unions meet at TUC headquarters in attempt to restore order to Fleet Street industrial relations.

Second and final day of World Bank's Pakistan Committee meeting in Paris to consider Pakistan's request for an increase in its debt relief programme for fiscal year 1978-79.

International Forex Dealers' Association annual congress continues, Munich.

End of three-day International Civil Aviation Organisation conference in Geneva aimed at raising new funds for civil aviation development in Africa.

UK visit of Chinese agricultural mechanisation mission continues.

London Chamber of Commerce trade mission continues tour of major Spanish industrial centres.

Second and final day of conference organised by EUROPMI (Organisation for Small and Medium Sized Enterprises in the EEC) on "The Future for Smaller Businesses in the EEC," Kensington Close Hotel, W8.

Sir Peter Vanneck, Lord Mayor of London, and his Sheriffs attend Distillers' Company dinner, Mansion House, EC4.

Football League annual meeting, Cafe Royal, W1, 2.30 p.m.

Robert van Hirsch art collection on view at Royal Academy of Arts, Burlington House, Piccadilly, W1, until June 8.

Royal Bath and West Show continues, Shepton Mallet.

OFFICIAL STATISTICS

Capital issues and redemptions during May. Public sector borrowing requirement and details of local authority borrowing (first quarter).

COMPANY MEETINGS

Bamfords, White Hart Hotel, Uttoxeter, 12. Herbert (Alfred), De Vere Hotel, Coventry, 12. Lec Refrigeration, Shripney Works, Bognor Regis, 11.30. Lilley (F. J. C.), Central Hotel, Glasgow, 12. Scottish Television N.V.A., Cowcaddens, Glasgow, 12. Steel Bros., Sondes Place, Westcott Road, Dorking, 12. Wadkin, Green Lane Works, Leicester, 3.

SPORT

Cricket: First Test (second day), England v. Pakistan, Edgbaston. Golf: British Airways-Avis tournament, Jersey. Tennis: Surbiton tournament. Show Jumping: Hickstead meeting.

COMPANY NEWS + COMMENT

Slower start for BP as oil sales slip

AFTER a small loss from stock depreciation taxable income of British Petroleum Co. for the first quarter of 1978 was £486.8m, compared with £606.5m for the similar period last year when there was a substantial benefit from stock appreciation. In the final quarter of 1977 profit amounted to £559.4m bringing the total for the year to £2.19bn.

In comparison with the fourth quarter of last year, when there was adverse currency-exchange movements, this time increased contributions from the group's U.S. interests together with some trading improvement in oil operations in most European countries was offset by lower proceeds from North Sea crude oil and increased losses in France. Chemical operations were marginally better, the directors report.

Total volume sales for the three months slipped 0.2m. to 43.5m. tonnes, a 0.5 per cent. fall on last year's first quarter. Within the total crude oil sales were 3 per cent lower at 17.3m tonnes but sales of products including chemicals were up 3 per cent. at 26.2m tonnes. Natural gas sales eased 0.5m to 12m cubic metres a day.

In May Sir David Steel, the chairman, said that an improvement was expected in many areas of the group's activities during 1978 but this would depend in part on the success of governments in stimulating increased industrial growth throughout the world.

	Jan/Mar 1978 £m	Jan/Mar 1977 £m
Sales proceeds	3,473.4	3,610.4
Customs duties*	676.3	616.0
Net proceeds	2,797.1	2,994.4
Other income	103.2	79.2
Costs†	2,012.5	2,063.4
Expenses‡	272.4	249.1
Depreciation	91.2	66.8
Int. and finance cost	39.8	47.4
Income before tax	486.8	636.5
Overseas tax	285.6	347.7
UK tax	123.5	110.0
Net income	77.7	148.8
To minorities	2.9	4.0
Leaving	80.6	144.8

* And sales taxes. † Cost of oil, ocean freight, refining and chemical manufacturing. ‡ Distribution, selling, administration and other expenses. § From minorities.

After overseas tax of £285.6m (£347.7m) and UK tax of £123.5m (£110m), net income came out at £77.7m (£148.8). For last year it was £339.3m.

Comparative figures have been restated to reflect adoption of ED 19 on deferred tax in place of SSAP 11. Net income for the first quarter of 1977 was previously stated at £90.5m and for the year at £350.6m.

Due to uncertainties in computing the charge for UK tax for less than a year the figure for the quarter has been estimated.

See Lex

INDEX TO COMPANY HIGHLIGHTS

Whiteley loss—no dividend

With losses deepening to £184,833 in the final half, B. S. and W. Whiteley ended the March 31, 1978 year with a pre-tax loss of £241,791 against a £266,743 profit previously.

After passing the interim payment the final dividend has also been omitted. Last year an 0.5p final was paid.

At half-time, when a £56,956 loss was reported, directors said results had not met budgets, owing to a reduction in global demand for pressboard products, with both home and export sales below target.

After making a proportion of the workforce redundant, reverting from four to three shift working and other economy measures, they believed the company was moving towards a stabilising position.

Turnover for the year dipped from £6.08m to £5.28m, and there was a £103,799 tax credit (£151,869 charge).

The loss per 25p share is shown at 34.429p compared with earnings of 1.037p.

Comparative figures for last year for the electrical insulating pressboard and multiply presspaper manufacturer have been adjusted to conform with new accounting standards.

● comment

After what B S and W Whiteley says was its worst year so far, things seem to be looking up. Orders in the first two months of the current year are well ahead of the equivalent period last time and there is enough work on hand to last until August. There are also signs that depressed paper and paper board prices may be moving up. Much of the damage last year was due to the low level of export sales—only £2m out of a total turnover of £5.3m, compared with a contribution of over half previously. Competition for Whiteley's wide range of specialised products has been intense, particularly from Scandinavia but also from other Western European countries and Japan. Overseas the Canadian, U.S. and South African operations all traded profitably although power cutbacks were responsible for losses in India. After several disastrous years Whiteley's stake in its Japanese associate has now been sold with a net surplus of £42,000. Meanwhile the company continues to diversify and has high hopes for a new product aimed at card stationery manufacturers. Despite the recent redundancies, recruitment has even begun on a limited scale. The share fell 4p yesterday to 36p.

Fairbairn Lawson

Sir John Lawson, chairman of Fairbairn Lawson, the engineering, packaging and office furniture group, said at the annual meeting in Leeds that "the slowdown in earnings experienced in the second half of 1977 has been reversed. However, the pick-up has been slow.

"We therefore expect to achieve greater profitability in the second half of this year than for the first six months."

Group pre-tax profit for 1977 increased by 25 per cent to a record £1.34m on turnover up 5 per cent. to £13.39m.

Pleasurama advances midway

ON TURNOVER up from £3.33m. to £3.58m. taxable profits of Pleasurama were lifted from £348,000 to £481,000 for the half year ended March 31, 1978, including a higher contribution from the associate company of £79,000 against £12,000. Profit for the whole of the 1976-77 year was a record £1.5m for this entertainment and amusement company.

The interim dividend is maintained at 0.75p net per 5p share—last year's final was 1.275p.

The company is exchanging its 49 per cent holding in A. M. Casino, which is operated by the associate company, for a 25 per cent holding in the new Ritz Casino in Piccadilly. The A. M. Casino will close simultaneously with the opening of Ritz, in July of this year. The directors believe that this will be an advantageous transaction for enhanced profits.

	1977-78 £000	1976-77 £000	1976-77 £000
Turnover	3,579	3,345	7,007
Trading profit	401	376	1,241
Share of associates	79	12	263
Pre-tax profit	481	348	1,504
Tax	255	181	818
Pleasurama	213	174	677
Associate	42	7	141
Net profit	226	167	686
Minority interests	—	1	75
Leaving	226	166	611
Interim dividend	48	45	125

But in the interim, patience may be needed to enable the business to be built up in the new premises.

Terms of settlement have been agreed in respect of the litigation in relation to the company's 25 per cent holding in Mayfair Casinos. The shareholding has been sold for a total of £1.15m, including interest, payable as to £0.35m forthwith and the balance, which has been secured by a first mortgage against the whole of the share capital of Mayfair and certain guarantees, over a period of 11 months.

The book value of this holding as at September 30, 1977, was £244,145 and no income has accrued to Pleasurama in respect of the investment since 1974.

Cowie up 38% after six months

ANNOUNCING A 38 per cent advance from £0.51m to £0.7m in the six months to March 31, 1978, Mr. Tom Cowie, chairman of T. Cowie reports that the second half has started "very well," but that momentum will largely depend on the availability of vehicles, particularly from Ford.

Turnover rose 29 per cent from £17m to £22m. Tax took £0.34m (£0.21m) leaving net profit up from £0.3m to £0.37m.

Stated earnings per 5p share are up from 2.59p to 3.00p. Net interim dividend is raised from 0.66p to 0.726p at a cost of £79,000 (£65,000).

Last year the chairman waived dividends on 1,800,000 shares. For the current period, he has waived £8,377, being half his net dividend. Last year's dividend total of 1.7044p was paid on a record pre-tax profit of £1.4m.

At the AGM in March Mr. Cowie said that with profits for the first five months running well in excess of last year the group was on target for another record 12 months.

Now, referring to the motor division, he says record levels of turnover and profits were attained in the first half. But for a new vehicle shortage these levels might have been even better. Good progress was made generally, but the Ford dealerships were again outstanding.

Finance division results were excellent with profits showing a substantial increase on last year's record. The contribution of this division rose from £131,000 to £240,000.

Recent increases in interest rates have not inhibited the volume of new business, he adds.

● comment

Like most motor distributors, Cowie is riding high on the current buoyant trading conditions. The group, however, has the added advantage of a significant interest in the finance field, which has been reaping the benefits of stable interest rates. Reflecting a near two-thirds rise in finance earnings and one-third growth in the motor division, interim pre-tax profits have increased by some 38 per cent. Cowie has again scored with its Ford dealerships and margins have improved due to a new vehicle shortage, which remains largely unresolved. Nonetheless, the motor division is pushing ahead and profits for the full year could be triple the £464,000 (£360,000) recorded for the interim. The finance division may incur higher costs following the recent rise in interest rates but profits could still be close to the first half's earnings of £240,000 (£130,000). All in, Cowie is looking for pre-tax profits of about £1.8m this time against £1.4m in 1976-77. At 43p yesterday, the shares are on a fully taxed prospective p/e of 3.9 and yield of 6.7 per cent.

Ashley Ashwood

Sir David Steel, chairman of British Petroleum—lower North Sea oil proceeds and increased French losses offset increased contributions from elsewhere in the group.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Alida Packaging	4.12	July 24	3.66	[illegible]	5.66
Berkeley Hambro	2.22	—	1.61	3.22	2.61
Capper Neill	1.6	—	0.94*	2.65	1.9*
Charterhouse Group int.	1.45	Aug. 10	1.18	—	3.30
Chapman and Co.	2.45	July 28	2.45	3.92	3.92
Churchbury Estates	2.88	July 22	2.55	4.63	4.18
Coalite	0.18	July 31	0.97	2.78†	[illegible]
Comben Group	1.2	Aug. 3	1	1.7	1.45
T. Cowie int.	0.73	July 18	0.66	—	1.7
Dooranakande Rubber	1.12	—	0.88	1.43	1.05
Gough Bros.	1.82	July 7	1.82	2.8	2.8
Mountview Estates	0.87	Aug. 11	0.75	1.32	1.10
Normand Electrical	1.75	July 20	1.6	2.83	2.53
Petaling Tin int.	40¶	June 28	17.5	—	80
Pleasurama int.	0.75	Oct. 3	0.75	—	2.03
E. J. Riley int.	1	July 19	—	—‡	—
Sangers	4	Oct. 2	4	5.8	3.8
Sidlaw Inds. int.	1.5	July 28	1.5	—	6.02
Tanganyika Concessions	6	Aug. 2	7	10	11
UBM	2.51§	July 21	2.44	4.3§	4.2
B. S. & W. Whiteley	nil	—	0.5	nil	0.5
Wolverhptn. & Dudley int.	2	June 30	1.7	—	5.74
Young's Brewery	1.38	—	1.49	3.18	2.89

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Forecast 1.5p final payment. § On capital increased by placing. ¶ Malaysian cents throughout, and gross.

ISSUE NEWS

Likely 15p premium for C. D. Bramall

When dealings start next Monday in the new C. D. Bramall shares a premium of at least 15p over the 75p placing price looks likely according to market sources last night.

A total of 1.33m shares were placed by Ford main dealer Bramall. Of that figure some 333,000 was offered to the two jobbers, Bisgood Bishop and Wedd Durlacher Mordaunt who in turn pass on all but 10 per cent to the brokers.

Dealers last night said that market interest was building up, and buying demand probably exceeds the amount of stock in the market by at the very least 20 times.

BLUE BIRD'S 125% SCRIP

Blue Bird Confectionery Holdings proposed a five-for-four scrip issue in ordinary shares.

The directors of Blue Bird intend to make a small issue of 1,175 new ordinary shares to the trustees of the Blue Bird pension scheme for cash at the middle market quotation current at the date of such issue so as to ensure that after the scrip issue (to which these new shares will be entitled) the issued capital will become £1m — giving trustee status.

An EGM is called for July 21 to consider an increase in the authorised capital.

MIDLAND BANK STATISTICS

Statistics compiled by Midland Bank show that the amount of "new money" raised in the UK by the issue of marketable securities in May was £79.8m compared with £231.9m in the corresponding month of 1977.

Public bodies accounted for £30.5m of the total, of which £13.7m was raised through bond issues by 27 local authorities. A further £48.3m was raised by nine company issues, of which seven were by way of rights amounting to £43.0m. The largest was a £37.3m issue by Rowntree-Mackintosh, the second call to its shareholders in under two years.

HORIZON MIDLANDS

The rights issue by Horizon Midlands raising £1.08m has been taken up as to 97.26 per cent.

MITCHELL COTTS

Mitchell Cotts Group is advised by Samuel Montague on connection with its bid for the shares it does not already own in Mitchell Cotts Transport, not by Hill Samuel, as inadvertently stated in yesterday's issue.

BANK RETURN

	Wednesday May 31 1978	Inc. (+) or Dec. (−) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	23,707,058	− 545,476
Special Deposits	1,235,960,000	
Bankers	491,752,626	+ 58,064,967
Reserve & Other Accts	570,516,931	− 128,158,001
	2,354,829,615	− 69,766,520
ASSETS		
Govt. Securities	1,925,151,068	− 67,229,980
Advances & Other Accounts	185,542,040	1,570,155
Premises, Equip't & other Secs.	228,340,647	+ 90,453
Notes	15,601,069	− 245,312
Coin	193,741	− 11,507
	2,354,829,615	− 69,766,520
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,275,000,000	+ 75,000,000
In Circulation	8,259,406,931	+ 75,245,312
In Bank'g Dept	15,601,069	− 245,312
ASSETS		
Govt. Debt	11,015,100	
Other Govt. Secs.	7,172,465,395	− 199,976,725
Other Securities	1,091,519,505	+ 274,976,730
	8,275,000,000	+ 75,000,000

Better performance by two breweries

THE SIX months to the end of March proved a profitable period for two of the smaller brewery groups now reporting. Wolverhampton and Dudley Breweries pushed its first half taxable earnings up from £2.6m to £3.06m and Young's Brewery finished its year £49,000 higher at £1.54m after being marginally down from £856,368 to £847,845 at halfway.

The directors at Young's are now proposing a one-for-six capitalisation issue of 1.04m cumulative preference shares of £1 to each of the "A", "B" and non-voting ordinary shareholders.

In November they said that trade had increased and prices had been held for the 10 months to July 1977 but their efforts had been eroded by rising costs.

Stated earnings per 50p share for the year were 11.42p (11.13p) and the net total dividend is stepped up to 3.17786p (2.8897p) with a final of 1.57786p.

After tax of £814,641 (£784,044) the net balance emerged at £724,878 (£706,621). Net gains on sales of properties amounted to £33,337 (£59,246).

WOLVERHAMPTON AND DUDLEY BREWERIES—

	1977-78 £	1976-77 £
	Half year	
Sales	23,672,000	19,438,000
Pre-tax profit	3,064,000	2,603,000
Tax	1,593,000	1,354,000
Net profit	1,471,000	1,249,000
Extraord. credits†	187,000	110,000
Pref. dividends	1,575	1,375
Ord. dividends	322,975	274,329

† Comprising net profits on disposal of properties £55,000 (£67,000); surplus on redemption of debenture stock nil (£1,000); and profits on sale of investments £132,000 (£42,000).

First half sales at Wolverhampton and Dudley rose 18.7 per cent to £23.7m (£19.44m) and Mr. E. J. Thompson, the chairman, says that the company's trade has passed previous record levels and although costs still rise the directors are confident that present progress will be maintained for the rest of the year. For 1976/77 profit was a peak £5.77m.

The net interim dividend is raised to 2p (1.7p)—final last time was 4.03623p.

Mr. Thompson says that now the packaging hall is established the company has moved on to the next phase of its brewery development programme which will increase the capacity of its breweries at Wolverhampton and Dudley to produce the draught beer needed to meet the continuing strong demand.

Two new licensed houses were opened during the half year and improvements to existing outlets continue.

● comment

Breweries generally, and small brewers in particular, look set for a good 1978. The results therefore from Young and Co. and Wolverhampton and Dudley are a taste of things to come. Although profits are only just ahead Young's trading has much improved in the second six months to March 31 but the benefits were reduced by £450,000 in repair costs. Volume increased by more than 6 per cent. over the year just ended and this trend has continued into the current year where margins will benefit from the 1p price increase in March. Meanwhile profits at Wolverhampton and Dudley are up 17.7 per cent. in the first six months and the company says it is borrowing to fund planned developments in brewing capacity. Sales volume has continued to grow at last year's rate—estimated at about 10 per cent.—and the February price increases should more than restore margins to their mid-1977 level. With Wolverhampton's raw material cost fixed until the year end, this augurs well for profits. At 177p Young's shares stand on a P/E of 15.4 and yield 2.7 per cent while Wolverhampton shares at 207p, based on profits of £6.8m, stand on a P/E of 10.1 and yield 4.6 per cent.

Morgan Crucible £0.5m off in first quarter

SALES FROM all divisions of Morgan Crucible Company increased during the first three months to April 2, 1978 and totalled £24.39m against £22.53m last time, but profits fell from £3.12m to £2.66m at the pre-tax level. Last quarter profits for 1977 were down from £3.21m to £2.74m but for the full year the company achieved record results of £11.94m.

In April the directors forecast lower first quarter profits, but they said that the second quarter should show an improvement over the corresponding period.

Trading margin was down to 12.9 per cent compared with 16 per cent.

Sales and trading profit, £3.15m (£3.6m), were split as to: carbon £9.48m (£8.87m) and £1.18m (£1.38m); thermic £10.18m (£9.52m) and £1.45m (£1.72m); acorn £3.67m (£3.38m) and £0.35m (£0.41m); other products £1.06m (£0.77m) and £37,000 (£6,000 loss), and holding company profit £111,000 (£87,000). Exports accounted for 37 per cent (same) of total sales.

	Three months 1978 £000	Three months 1977 £000	Year 1977 £000
Sales	24,388	22,543	90,259
Trading profit	3,150	3,598	13,626
Investment income	—	—	208
Net finance charges	486	474	1,893
Profit before tax	2,664	3,122	11,941
Tax	1,144	1,233	3,484
Net profit	1,520	1,889	8,457
Minorities & Prf. dvs.	112	63	281
Extraord. debits	—	9	108
Attributable	1,408	1,816	7,994

First quarter earnings per 25p share are shown as 3.4p (4.4p) and 19.5p for 1977.

Tax on the ED 19 basis for the period was £1.14m (£1.23m) and comprised UK corporation tax £0.88m (£0.95m), reduced by relief for overseas tax; overseas tax £0.33m (£0.35m), less grants for capital expenditure applicable to the depreciation provision of £68,000 (£69,000).

In April the Triton ceramic fibre factory in Liege was partly destroyed by fire. However, markets are being supplied to a very large extent from other Morgan and Babcock ceramic fibre factories.

● comment

The difficult conditions for Morgan Crucible in the last quarter of 1977 continued into the first three months of the current year, and profits are almost 15 per cent lower quarter to quarter. Although a shortfall was expected, the shares still shed 3p to close just 2p above the year's low of 106p. With the exception of the U.S. most markets have been disappointing and trading margins have come under further pressure, slipping by more than three points to almost 13 per cent, compared with 14.4 per cent in the previous three months and 15.7 per cent. in the third quarter of 1977. In the thermic division (crucibles, refractories), the low level of demand has been due to difficult conditions in the worldwide iron and steel industry, which has been postponing capital expenditure. Elsewhere, the carbon side has been affected by the lower level of consumer spending on domestic electrical appliances, although there has been some support from the more buoyant specialist engineering sector. Morgan is a major exporter and the company says there are signs of a revival in France, Eastern Europe and Australia. If this happens, profits of around £12.3m are possible for the full year, against £11.94m last time. On a full tax charge the prospective p/e is 7.9 while the yield is 8.1 per cent on the maximum dividend payout.

Davies and Newman

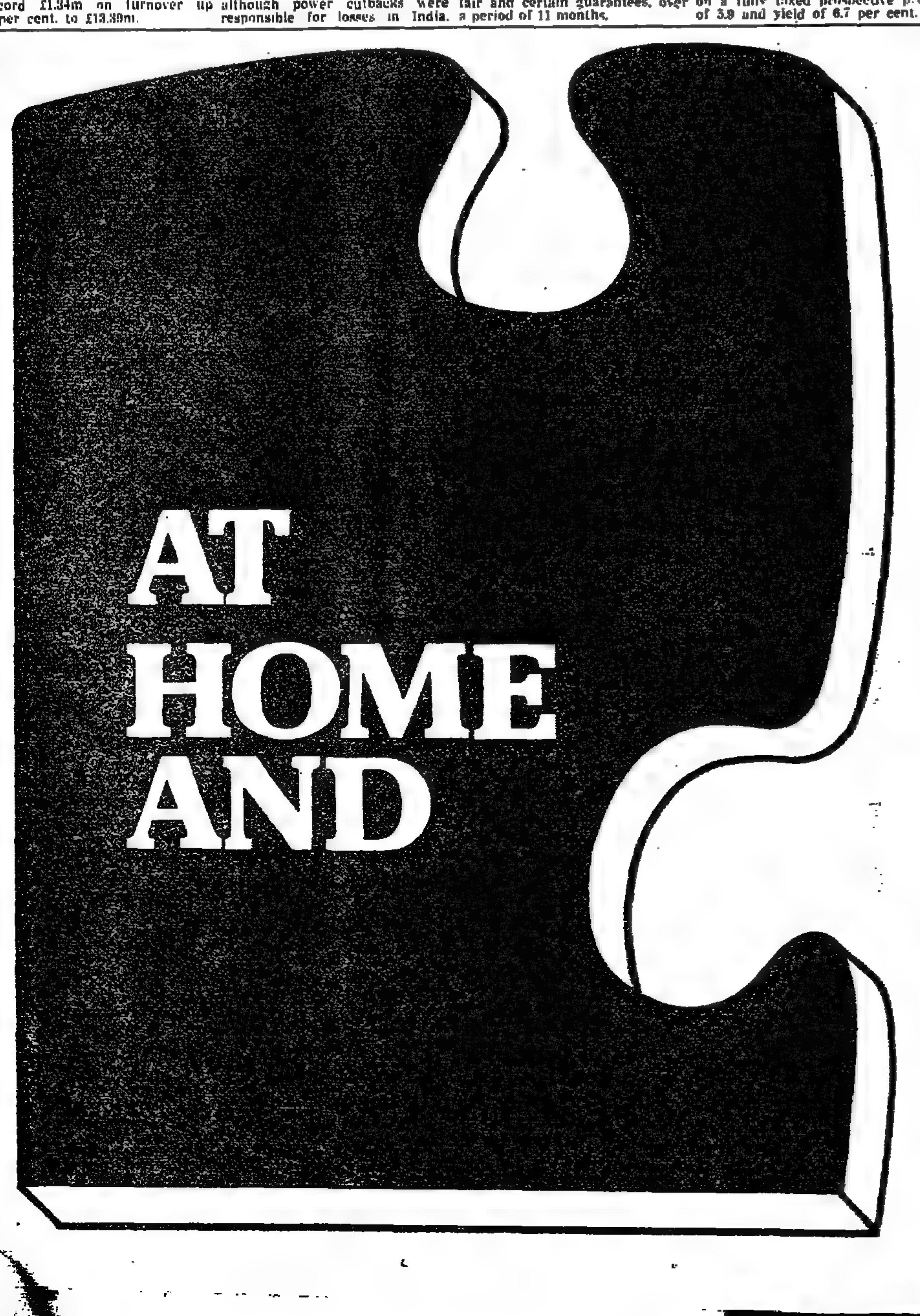
Mr. F. E. Newman, chairman of Davies and Newman Holdings, referred at the AGM to the termination of the lease of a Boeing 707 freighter. He said that further negotiations had taken place and contracts have been entered into for the sale of the two Boeing 707-321C convertible aircraft which Dan-Air were currently operating.

The sale would produce a net cash amount after repayment of loans of $8m and also show a useful book profit on the sale of the assets. The remaining two 707-321 aircraft would continue to be operated this year but "we expect to phase them out completely by the spring of 1979," said the chairman.

Optimism at Pentos

Mr. T. A. Maher, chairman of Pentos, told the AGM that the group's prospects continued to be good and he believed that the next few years would be very rewarding.

However, he reminded holders that the increasingly seasonal nature of the group's business meant that in the current year any improvement would be concentrated into the second half.



Charterhouse up 25% and sees good second half

DESPITE THE delayed commencement of the receipt of oil revenues from the Thistle Field in the North Sea, taxable profits of Charterhouse Group rose by 25 per cent from £3.58m to £4.47m for the half-year to March 31, 1978, on turnover up 14 per cent to £77.15m. Profit for the full 1976-1977 year was a record £8.51m.

Production from the Thistle Field started in late March and second-half results of the group should benefit accordingly.

The directors say the outlook for the remainder of the year continues to be promising. They say that prospects for many of the group's activities are excellent, with a reduction in a number of last year's problems, and oil revenues being received from the Thistle oilfield.

The directors confirm the statement in last year's annual report that, subject to there being no unforeseen circumsances, 1978 should show a significant increase in profit.

Operating profit, £7m (£6.32m) was split as to (£000): development capital 1,425 (1,293), banking 875 (727 after transfer to inner reserve), insurance broking 1,022 (1,351), engineering 2,478 (2,013), construction products 323 loss (612), distribution and services 1,984 (1,963 loss.) central activities 458 loss (418).

Development profits have been maintained at a satisfactory level, the directors comment, and in banking, Charterhouse Japhet started the year well with an improved profit.

Insurance broking profit fell because of increased development costs and reduced currency benefits, they explain.

In the engineering sector Newage Engineers performed outstandingly well, directors state, producing an increased profit. And it now has a very healthy order book.

Alenco continued to experience dull markets at home and abroad, but the introduction of new product ranges for the oil and petrochemical industries is progressing satisfactorily, they say, and promises well for the future. In France the benefits of the reorganisation should result in improved profitability, they add.

In construction products, declining markets were still evident. Charcon Structures, the major loss-maker of the previous year, was sold at the end of January. The results of this sector include the losses to the date of sale.

In distribution and services Edmundson Electrical had some difficulty in sustaining the marked improvement in profitability of the previous year, but is operating from a considerably strengthened base.

Napcolour experienced the traditional lower level of activity of the photographic business during the winter months but increased profits are expected for the full year.

Spring Grove made an excellent start to the year and strong profit growth is expected this year.

The interim dividend is increased from 1.18p to 1.45p net per 25p share—last year's final was 2.175p. The directors intend to pay a second interim dividend of 2.2405p for the year to September 30 1978. The year-end has been changed to December 31 so next accounts will be for 15 months to December 31 1978.

Future dividend payments will be adjusted to take account of this change. A final dividend will be recommended payable in June 1979 in respect of the three months from October to December 1978.

It is also announced that Charterhouse Development, the development capital subsidiary, has acquired 30 per cent of La Pierre Liquide, a French manufacturer of building materials.

This company currently has a turnover of FFr 30m.

This is the fourth major investment by Charterhouse's Paris office this year and follows quickly on the announcement of its investment in Financière de Developpement et de Conseil, a French finance company.

	Half year 1977-78 £000	1976-77 £000	Year 1976-77 £000
Turnover*	77,154	67,699	143,993
Operating profit	7,005	6,317	13,676
Interest payable	2,535	2,742	5,170
Profit before tax	4,470	3,575	8,506
Taxation†	1,585	1,266	3,613
UK	1,105	688	1,651
Foreign	460	568	[illegible]
Net profit	2,905	2,309	5,493
Minority interest	345	168	332
Attributable	2,560	2,141	5,161

* Excludes the development capital and banking activities. † On ED 19 basis.

● comment

The Charterhouse group is well on the way to achieving the significant increase in profits forecast by the chairman in the 1977 annual report. Although a diversified group, its performance is very seasonal and its most recent acquisition, the photofinisher Napcolour, increases rather than decreases the seasonal nature of its results. Napcolour is doing very well and this, combined with two turnarounds, suggests that the second half result will be well ahead of the first half and an improvement on the last six months of the previous financial year. The turnarounds will occur in the construction products division and the French subsidiary of Alenco, a member of the engineering division. Last year the construction products division recorded a pre-tax loss of £1,036,000. In the current year it is expected at least to break even. Analysts have lifted their estimates of the group's full year pre-tax figure to £11.5m. The share price rose 3p to close at 66p yesterday giving a yield based on a net dividend forecast of 3.6905p a share for the 12 months to September 30 of 8.7 per cent.

Capper Neill up by over £1m

AN ADVANCE from £4.2m to £5.23m in pre-tax profits is reported by Capper Neill for the year to March 31, 1978, on turnover of £69.13m against £50.52m. At the interim stage directors revealed profits ahead from £1.51m to £2.06m and said that they expected the full year's figure to be somewhat in excess of last year.

Export sales represent 34 per cent of the total, and the order book, both in UK and overseas, stands at a record level the directors say.

In the past year £5m was invested in fixed assets to support the group's worldwide operations and Capper is aiming to reach at least the £100m sales mark during 1980.

The group is increasing its range of activities through ever widening fields and the directors continue to view the future with confidence.

Earnings per 10p share are shown as 20p (14.09p) and the dividend is effectively raised from 1.9021p to 2.6513p net with a final payment of 1.5972p. The directors state that they are well aware that dividends no longer reflect the substantial progress made over the last few years, by the company.

Tax, on the ED 19 basis, for the year is totally deferred at £601,332, compared with £978,681 last time, of which £565,681 was deferred. And some £2.8m has been added to shareholders funds, representing provisions no longer considered necessary.

Some £8,587 (nil) went to minorities and there was a capital profit on sale of fixed assets of £16,816 (£7,691). The amount retained came out at £4.13m against £2.8m.

The company carries on business of design, manufacture and erection of pipework, storage and process plant for industry.

● comment

Trading conditions in the UK, plus the completion of several major Middle East contracts restricted profits growth in the second-half of Capper-Neill's last financial year. At the half-way mark profits were up by 36 per cent, but the gain in the second-half was held to only 18 per cent. A near competitor, Whessoe reported a profits fall in the six months to March 31 and the basis of the downturn was a slump in profits from heavy engineering. Whessoe is pessimistic about performance in the six months to September 30, but Capper-Neill is optimistic about its results for the same period. The important Kenana contract is now on stream and the UK order book is very strong. At 76p the shares have a p/e of 3.7 and a yield of 4.3 per cent.

Churchbury Estates higher

Subject to tax of £144,434, against £188,225, profit of Churchbury Estates, property investment and management group, advanced from £231,668 to £275,743 in the March 31, 1978, year.

Afterf six months profits was down from £126,954 to £122,591.

The final dividend of 2.877p takes the total to 4.63p net per 25p share compared with 4.18425p last time.

Second half standstill by Comben

FOLLOWING A £41,000 advance at half-way to £641,000, virtually unchanged second-half profits have left the pre-tax results at Comben Group up from £1.26m to £1.3m on turnover ahead from £18.8m to £24.66m.

Directors say the demand for new homes has accelerated significantly in the early part of 1978 and that after four years of decline increased margins are now being obtained.

This should be reflected in the current year's trading results, provided there are no additional political influences brought to bear on the industry.

The group has a land bank of more than 6,000 plots, providing a firm basis for future trading, they say.

The final dividend is lifted from 1p to 1.2p, taking the total to 1.7p (1.45p) net per 10p share.

The result is subject to tax of £326,000 (£85,000). Retained profit emerges at £349,000 (£805,000).

Earnings per share are shown at 3.24p (4.63p) based on the actual tax charge, and 2.48p (2.39p) based on a notional 52 per cent. charge. Net asset value per share is shown at 30.59p (27.7p) reflecting the purchase and cancellation of £4.1m of the 7.75 per cent unsecured loan stock.

Gough Bros. drops to £215,183

After a £6,728 downturn in first half profits to £70,450, earnings in the final six months at Gough Brothers dropped a further £83,000 leaving pre-tax profit down from a record £305,146 to £215,183 in the January 28, 1978 year.

Mr. R. C. Gough, the chairman, says it was difficult to achieve any real growth in sales in 1978. In common with the experience of the retail trade as a whole increasing pressure on margins depressed profit.

Turnover in the period rose from £13.21m. to £14.76m., and the profit is subject to tax of £55,322 (£105,973) and before extraordinary debits of £15,000 (£2,449 credits).

An unchanged final of 1.82p net per 20p share leaves the dividend total at 2.8p, absorbing £71,708. Earnings per share are shown at 6.2p (5.4p).

Barclays Intl. £5.5m so far

A £5.5M INCREASE in pre-tax profit to £61.1m is reported by Barclays Bank International for the March 31, 1978, six months. Profits after interest on loan capital of £7.1m compared with £5m previously.

Directors say it is difficult to forecast the full year's figures, but they hope the first-half trend will be continued.

For all last year profit was £113.3m., while the total pre-tax profit of the parent Barclays Bank was £267.6m. Last year's half time contribution of the international arm compared with a total profit of £131.5m. by Barclays.

The half year result includes £11.5m. (£8.4m.) from associate companies, and is before tax of £30.7m. (£27m.), minority interests of £5m (£4.7m) and extraordinary credits of £2m (nil).

A £7m (£8.8m) deficit on net assets held overseas and foreign currency borrowings used for acquisition and expansion has been taken directly to reserves. All other exchange profits and losses have been dealt with in arriving at the operating profit.

E. J. Riley at £241,927 in first half

PRE-TAX profits of E. J. Riley Holdings for the half year ended January 31, 1978 were £241,927 on turnover of £2.44m. These are the first results of the company since its formation last July upon the merger of E. J. Riley and Headcrest Investments, whose combined results for the year to July 31, 1977 are shown as £462,598 pre-tax, on turnover of £4.79m.

The directors have declared an interim dividend per 10p share of 1p net, costing £50,087, and also confirm the forecast of a final payment of 1.5p.

Snooker manufacture and maintenance and the operation of snooker clubs contributed £114,000 to profits, an increase for the period, and the same amount was yielded by the furniture division. Mr. J. W. Hindle, the chairman says that the opening months of the current year were difficult for this division, and expresses no surprise that profits were not as high as last year.

The group's retail shop added £3,000 and management services £11,000 to the total.

At the end of 1977 it was decided that subsidiary, E. J. Riley (Contracts), contract furnishing company, would cease trading, as it had incurred losses for the previous two years. There will be terminal losses amounting to some £10,000 which will be written off as an extraordinary item.

Sidlaw well down but recovering

PRE-TAX profits for the half year to March 31, 1978 of Sidlaw Industries slumped from £566,000 to £111,000 which included associates, £92,000 against £73,000, on lower turnover of £18.98m against £20.45m.

But the directors say that trading conditions in textiles are now better and a substantial improvement in results can be expected in the second half. Profit for the full 1976/77 year was £1.19m.

The textiles division made a loss, they state, the main reasons for which were a depressed market for the natural fibre based fabrics of Sidlaw Textiles and the continued slow progress of the U.S. marketing subsidiary, Sidlaw of Scotland. Gills, South Mills, however, increased sales and profits from its synthetic spinning operations, they add.

The hardware division, in continuing poor trading conditions, made a further small loss, but the oil services and engineering division, despite a loss from Orkney and Shetland carriers, increased profits due to a higher level of activity in the winter months.

Within the associates Skean Dhu continued to expand profitably and Colox Corporation made a small profit, while its activities were reduced by selling parts of the business at above book value.

The interim dividend payment is maintained at 1.5p net per 50p share costing £32,000 (same). Last year's final was 4.51942p.

The directors say that interest charges, £264,000 against £485,000, were lower because of lower interest rates and, in the early months, lower borrowings.

However, with the current programme of capital expenditure, principally concerned with the completion of the modernisation of the weaving activities of the textiles division, and further expansion of the oil services and engineering division has required a greater use of financial resources.

HANGER INV.

In the first four months of the current year, profits from Hanger Investments were materially in excesse of those achieved in the first six months of the previous year. In yesterday's report on the AGM the comparable period was implied as being four months.

The figures so far achieved do not include any contribution from V.II. Selfdrive.

Sangers falls £0.79m to £1.65m

CHANGE IN the trading pattern for pharmaceutical wholesaling, especially during the last 12 months, has adversely affected profits at Sangers Group, wholesale chemist group. For the year to February 28, 1978, pre-tax profits fell from £2.44m. to £1.65m. on a rise in turnover of over £10m. to £90.8m.

At the interim stage profits were down from £1.22m. to £0.82m. and directors said they did not expect any significant change in the level of profits for the second half, compared with the first.

Competition for business has become increasingly intense forcing Sangers to take action appropriate to market conditions, the directors state. These changing conditions have also been exacerbated, in the company's case, by a reduction in stock profits as a result of a lower rate of inflation, and by an increasing change in the company's sales pattern to lower margin business.

It is the long-term aim of the company to become a balanced health care group less dependent on its traditional pharmaceutical wholesaling business. Although there are difficulties in pharmaceutical wholesaling, the Board is confident that the problems can be met.

Although it may well take a little time for the benefits of actions they are taking to have a significant effect on profits, directors are expanding the retail optics business quickly and devoting considerable resources and effort to that end. They believe there is a lot of potential in this area which, they say, will be reflected in the current year's profits.

After tax £0.89m (£1.3m) earnings per 25p share are shown as 8.6p (12.31p) and the dividend payment is maintained at 5.8p with an unchanged final of 4p net. Pre-tax figures were struck after a number of exceptional, and non-recurring, items amounting to £240,000 (£45,000).

MONEY MARKET

Uneven credit supply

Bank of England Minimum Lending Rate 9 per cent (since May 12, 1978)

The London money market was in a state of general disarray yesterday, with some discount houses finding money very difficult to come by, while others had a substantial surplus and were looking for intervention from the authorities to absorb funds. By the time the whole situation was straight, and the houses that were short had managed to balance their books, any houses hoping to buy some short-dated bills from the authorities were disappointed.

Therefore the market closed without any intervention from the Bank of England, although there is probably a very substantial surplus of money left in the banking system.

Money did come on offer very late, and some funds may have been picked up at 1-2 per cent, although closing balances for the houses were generally in the region of 5-7½ per cent. Earlier in the day one or two houses may have paid up to 8¾ per cent for secured call loans.

In the interbank market overnight loans opened at 8½-8¾ per cent, and eased to 7½-7¾ per cent, before rising to 8¾ per cent, but closing at 1-4 per cent.

Banks brought forward surplus balances and the market was also helped by a sizeable fall in the note circulation. On the other hand there was a slight net take-up of Treasury bills to finance.

Longer term fixed period interest rates were generally firmer, reflecting fears about economic events on both sides of the Atlantic. Discount houses buying rates for three-month Treasury bills were also firmer, ahead of today's bill tender.

June 1 1978 £	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	1-8¾	—	—	—	8¾	1-8⅛	—	—	—
2 days notice	—	—	8⅜-8⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	8-8⅝	8½-8⅝	—	8½-9	9	7⅛-8¼	—	—	—
One month	8¹⁵⁄₁₆-8¹¹⁄₁₆	8⅞-9⅛	8⅞-9	9¼-8⅞	9¼	9½	8-8⅛	8¼	8½-8⅝	9
Two months	9¼-9⅛	9⅛-9⅜	—	9⅜-8¾	9⅝	—	8½	8½	8¾-8¾	9⅛
Three months	9½-9⅝	9½-9⅛	9-9⅛	9⅜-8¾	9⅞	10	8½-8⅝	8⅞-8¾	9⅛-9⅜	9⅜-9½
Six months	10-9¾	10-10¼	9½-9¾	9½ 9	10-10	—	—	—	9⅛-9½	9⅞
Nine months	10⅛-10	10⅜-10⅝	—	10 9¼	10⅛-10¾	—	—	—	—	—
One year	10¼-10⅛	10⅝-10⅝	10-10⅝	10⅛ 9⅝	11	—	—	—	—	—
Two years	—	—	10⅞-11	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11¾-11¾ per cent; four years 12-12¼ per cent; five years 12¼-12½ per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9¼-9½ per cent; four-month trade bills 9¾ per cent.

Approximate selling rates for one-month Treasury bills 8-8¼ per cent; two-month 8¼-8⅜ per cent; and three-month 8¹⁵⁄₃₂-8¾ per cent. Approximate selling rate for one-month bank bills 8¾-8⁷⁄₁₆ per cent; and two-month 8²⁹⁄₃₂-9¹¹⁄₁₆ per cent, and three-month 8¹⁵⁄₁₆-8⁵¹⁄₃₂ per cent. One-month trade bills 8¾ per cent; two-month 9 per cent; and also three-month 9¼-9⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 8¾ per cent from June 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 5 per cent. Clearing Bank Base Rates for lending 9 per cent. Treasury Bills: Average tender rates of discount 8.4825 per cent.

Charringtons aids Coalite in jump to peak £16m

INCLUDING A £4.07m trading profit from the newly acquired Charrington division, taxable profit of Coalite and Chemical Products jumped from £10.22m to a peak £16.32m in the March 31, 1978, year.

Including £107.84m from Charrington, turnover of the group advanced from £57.43m to £168.32m. The profit came after a reduction in interest receivable from £1.43m to £0.89m.

Charrington results have been consolidated from October 14, 1977, and for all the year its turnover was £199.6m. and profit £6.37m.

When reporting first-half profits ahead from £4.99m to £6.31m directors said that with significantly more production capacity operating stocks of Coalite for the winter were lower than in the previous years, while oil and chemicals continued to make a substantial contribution to profit.

In line with its acquisition forecast the total dividend is lifted to 2.7796p net per 25p share from 1.825p last time, after adjustment for the consolidation from 10p to 25p shares. Dividends will absorb £1.38m (£0.56m) and the increase has Treasury approval.

Earnings per share are shown ahead from 8.82p to 13.06p.

	1977-78 £000	1976-77 £000
Turnover	168,319	57,437
Coalite and chemicals division	60,482	57,437
Charrington	107,837	—
Depreciation	4,781	3,374
Trading profit	[illegible]	9,789
Coalite	11,239	9,789
Charrington	4,071	—
Interest receivable	887	1,426
Profit before tax	16,319	10,215
Tax	7,829	5,107
Net profit	8,490	5,108
Dividends	2,037	1,056
Retained holding co.	5,392	4,052
Subsids. associates	1,041	—

† In accordance with E.D.19.

● comment

With some five months' contribution from Charrington, Coalite and Chemical has increased sales nearly three fold and pre-tax profits by about 60 per cent. Stripped of Charrington's figures, the latest results show that Coalite's profit margins have benefited from its recent rationalisation of production processes. First half sales growth of some 17 per cent has been offset by a slight downturn in the second half. Charrington has also been unable to lift fuel oil sales although solid fuel distribution held its own. With chemicals showing some recovery in the second half, Coalite is reasonably optimistic about improved market conditions for smokeless fuel and fuel oil this year. The shares fell 4p to 75p yesterday where the p/e is 5.6 and yield is 3.7 per cent.

Mountview advances to £957,000

PROGRESS WAS sustained at Mountview Estates in the year to March 31, 1978, with profit advancing from £782,064 to a record £957,734, subject to tax of £497,996, against £384,705. Turnover was better at £2.09m., compared with £1.69m.

Stated earnings per 5p share improved to 9.19p (8.14p) and the net total dividend is lifted to 1.3235p (1.19625p) with a final of 0.8735p.

	1978 £	1977 £
Turnover	2,091,411	1,696,537
Trading profit	837,831	761,047
Interest received	20,394	30,661
Interest charges	491	1,644
Pre-tax profit	957,734	792,064
Tax	497,996	384,705
Net profit	459,738	407,359
Ord. dividends	46,175	39,812
Surplus on subsidiary†	18,346	—
To reserves	20,346	2,000
Retained	391,563	315,547

† On liquidation.

Twinlock recovers to £0.64m

THE RECOVERY at Twinlock which resulted in an £81,000 profit against a £334,000 loss in the first half has continued with taxable profit for the March 3, 1978 year at £639,000 compared with a £137,000 loss last time.

Turnover of the unquoted loose leaf equipment, systems and filing products group climbed from £22.54m to £28.57m. The company is one third owned by the National Enterprise Board.

Mr. A. K. L. Stephenson, the chairman, says the results and the £1.6m working capital reduction confirms his interim forecasts. The traditional Twinlock and Shannon business continue to expand with exports ending the year strongly.

Overseas companies, including its Dutch associate, maintained satisfactory profits.

Directors look to substantially improved results in the current year, when the group should return to payment of dividends. Dividends totalling £37,000 were paid in 1975-76 when a £0.46m loss was incurred.

Profit is before tax of £304,000 (£140,000 credit), minority interests of £37,000 (£15,000) and extraordinary losses of £59,000 (£391,000).

Earnings per share are shown at 1.39p (0.18p loss) and after extraordinary items at 1.12p (2.43p loss).

Peak £1m at Normand Electrical

A JUMP in second half earnings from £187,000 to £659,000 has left taxable profit of Normand Electrical Holdings ahead from £0.41m to a record £1.04m in the February 25, 1978 year.

At halfway, profits were £158,000 higher at £381,000 and directors forecast a significantly higher full year result.

Turnover for the year climbed from £10.65m to £13.15m, and directors say that so far in the current year order books are more lightly loaded but do not give cause for concern.

Tax takes £497,000 (£174,000) and last year there were extraordinary credits of £4,000.

Earnings per 20p share are stated at 7.5p (3.3p) and the final dividend of 1.7617p lifts the total the maximum permitted from 2.3344p to 2.826p net.

PUF PUT

The Pension Fund Property Unit Trust has completed the £3.4m. purchase of 10 Rue Montoyer/47 Rue du Commerce, a 6,000 square metre office property in the Quatier Leopold.

The general level of rents is BFr 2,750 per square metre, giving the Trust a yield of over 7½ per cent.

Richard Ellis acted for the Trust and Jones Lang Wootton for the vendor.

Alida slips in second six months

AFTER A second-half downturn from £391,401 to £384,880 Alida Packaging finished the year to March 31, 1978, with taxable profits ahead from £661,703 to £722,086. Sales for the full period advanced £1.21m to £9.14m.

The directors say that results were achieved against a background of depressed market, unstable raw material prices and price cutting by competitors.

They add that the national economy and the company's own particular industry are still operating against a background of sluggish demand and little market growth.

Overcapacity in the plastic industry has been partly instrumental, they say, in creating a highly competitive market. These conditions make it difficult to forecast for the current year they add. But they say that the group is better equipped than most to take advantage of any improvements in markets and/or economy.

After tax of £182,300 compared with £55,700 stated earnings per 10p share are down from 18.60p to 16.9p and the dividend is stepped up to 6.3206p (5.6589p) net with a final of 4.1206p.

The group's polythene packaging division had a difficult year, mainly due to the poor market conditions. The reprocessing division continued to make excellent progress, however.

Freehold properties were revalued and resulted in £249,316 surplus over book value, which has been credited to reserves.

Second half upsurge at Chapman & Co.

Despite a jump in second half profits from £207,000 to £300,000, Chapman and Company (Balham) was unable to make up its interim shortfall, ending the March 25, 1978 year with pre-tax profit down from £371,000 to £343,000.

The profit of the envelope manufacturer was after interest receivable and debenture interest payable, and is subject to tax of £33,000 (£41,000).

The steady final dividend of 2.446p leaves the total unchanged at 3.934p.

UBM £1m better with expansion overseas

AS FORECAST in November, UBM Group maintained its improving trend of profitability in the second half to end the year to February 28, 1978, with taxable earnings total 34 per cent ahead from £2.69m to £3.1m, but still well down on the peak £7.75m seen in 1973/74. Halftime profit was £1.59m, against £1.11m.

The current year has started well and it seems that in the UK building sector there is greater activity in both the renovation and new building markets which the company is particularly well placed to service, says Mr. Michael Phillips, the chairman.

Overseas merchanting activities are continuing to thrive and the scaffolding and motors divisions are making further progress.

Trading results for the opening months of the year were encouraging and in spite of the economic clouds on the horizon they are confident of the outcome of 1978/79 as a whole.

In recent years the group has suffered from the decline in the UK building industry, from which the majority o fits profits were derived. The Board is now reviewing corporate strategy and work is currently well advanced on plans to expand those businesses in which the group has particular expertise both at home and overseas, with the object of reducing the proportion of profits produced from its UK building industry activities.

Turnover for the year reached £192.6m (£165.5m) and after tax of £1.37m (£800,000) stated earnings per 25p share were 5.2p (4.7p). A net final dividend of 2.5142p lifts the total on capital increased by the placing in February 1977, to 4.3p (4.2p).

Extraordinary gains amounted to £111,000 (£263,000) and retained earnings were lower at £406,000 (£472,000).

The provision for deferred tax is i naccordance with ED 19 for both years.

Mr. Phillips says that activity in the building industry remained at a very low level during most of the year and showed a real decline in a number of areas. Exceptionally severe weather conditions in the north in January and in the south-west in February seriously affected sales at the end of the period.

The southern and northern regions achieved encouraging increases in profits, the latter particularly helped by a recovery by UBM Rycroft which made heavy losses in the previous year.

The results of the western region were disappointing, made worse by a three week unofficial strike by local delivery drivers based at Bristol, and the Midlands region had a difficult year and suffered a severe cut in profit caused by stock write-offs and by adverse trading conditions depressing gross margins.

The overseas merchanting business increase; both sales and profit had been achieved, and plans to expand overseas activities are at an advanced stage.

As reported at halfway, UBM Glass had been badly affected by losses incurred on certain long term contracts by the group's specialist window factory in Birmingham. Action has been taken to reduce, and in due course, to eliminate these losses, which marred otherwise good results from the division and profits fell substantially, the chairman adds.

UBM Motors had a record year in which profits, after interest charges, increased some 2½ times, and UBM Scaffolding made much higher profits.

UBM Engineering returned to profitability and is expected to be better in the current year.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Finals: British and American Film, Century Oils, Cutter Guard Bridge, Downiebrae.

FUTURE DATES

Interims:	
Bluemel Brothers	June 15
Hardys and Hansons	June 28
Finals:	
Airflow Streamlines	June 8
Dundonian	June 8
Geers Gross	June 9
Harrisons and Crosfield	June 7
Henderson (J. and W.)	June 8
MK Electric	June 28
Oceana Development Inv. Tst.	June 7
Rowlinson Constructions	June 21

Good year ahead for Pentland

Mr. R. S. Rubin, the chairman of Pentland Industries, says in his annual review that trading is currently running ahead of the same period last year, and that 1978 should be an excellent year.

It is the intention of the Board to expand the group's overseas connections both in exports from the UK and in inter-continental trade between group overseas subsidiaries and outside customers.

In 1977 when profit jumped from £0.36m to £0.63m, all group subsidiaries progressed, although import restrictions hampered some of its shoe importing companies without helping its Priestley factory.

Unican Foods excelled and is now expanding production of both wine and beer concentrates.

The distribution and warehousing sections also began to make a contribution to profitability and future, Mr. Rubin says. directors see great scope for the

The group has bought a three acre warehouse complex and this, together with its entry into the sports and leisure market, gives the group plenty of new growth area for 1979, he says.

A current cost statement shows profit reduced to £0.47m by additional depreciation of £40,000 and a cost of sales adjustment of £165,000, offset by a £61,000 gearing adjustment.

Meeting, New Barnet, June 26 at noon.

Berkeley Hambro over £1m

THOUGH GROUP revenue fell from £12.26m to £7.93m, sharply lower outgoings on property, management expenses and interest charges at £7.02m, against £12.96m, enabled Berkeley Hambro Property Co. to step up taxable earnings for 1977 from a depressed £675,000 to £1.07m.

At half-time profit had been down at £362,000 (£558,000) but the directors had pointed out that the majority of deals were not completed until towards the end of the first six months and they expected some improvement in the second half. They also said that the full impact of reduced borrowings should start to become apparent in 1978.

Stated earnings per 25p share for the year were 4.9p compared with losses last time of 1.8p, and a net final dividend of 2.22p takes the total to 3.22p (2.61p). A revaluation of investment properties at year end resulted in net asset value being enhanced by 13p to 195p.

The tax charge amounted to £419,000 (£805,000) leaving a net surplus of £654,000 (loss £130,000).

	1977 £	1976 £
Group revenue	[illegible]	12,259
Property outgoings*	7,024	12,964
Interest received†	215	560
Share assoc. loss	30	‡828
Pre-tax profit	1,073	675
Tax	419	805
Net profit	654	§130
Extraord. debit	[illegible]	16,045
From reserves‖	2,023	††16,403
Credit**	1,384	2,358

* Property outgoing, management expenses and interest paid. † In respect of investment properties in course of development. ‡ Gain. § Loss. ¶ Credit. ‖ Relating to extraordinary items already reflected in valuation at end of 1976, and ** credit of amounts relating to current year. †† To reserves.

Rolls-Royce conversion

Rolls-Royce Motors Holdings announces that forms of election to convert on the improved terms the 8 per cent convertible unsecured loan stock 1997/2002, have been received in respect of some 98.6 per cent of the convertible stock in issue.

As a result, shareholders' funds have been increased by about £5.89m. All convertible stock which remains unconverted (some £0.9m) will fall to be converted or redeemed in accordance with the original terms applicable.

هكذا من الأصل

MINING NEWS

Australians pave way for uranium exports

BY PAUL CHEESERIGHT

AUSTRALIAN uranium mining companies yesterday received a green light from the Government on the signing of export contracts despite the absence of a uranium export authority, for which legislation has not yet been introduced.

Mr. Doug Anthony, the Deputy Prime Minister, told Parliament that the producers will need his approval before making any legal commitments on exports. Later he would need advice from the authority but for the present he would oversee contracts without advice.

The establishment of an export authority is needed to complete the package of legislation governing the development and overseas sales of the potential Australian mines. Six Bills passed through Parliament on Wednesday.

The effect of Mr. Anthony's statement is to make clear that export contracts may be negotiated even without the existence of the authority. This is clearly an interim measure, using powers already vested in the Government.

An embargo on Australian uranium exports was imposed in 1972 but partially lifted in 1976 to cover contracts entered into before 1972.

The Australian Government has regarded the establishment of an export authority as a matter of urgency, an essential adjunct to the legislation covering the conditions of mining. But the legislation has been difficult to frame, partly because of anti-trust investigations into the uranium industry, which recently finished in the U.S.

Mr. Anthony stated that there would be consultations with State Governments before he proceeded with federal legislation. The need for this is not immediately apparent, because the Commonwealth Government is constitutionally responsible for international trade.

However, the States showed particular sensitivity on the question of their rights in the framing of the six bills which have just passed through Parliament.

The powers over the signing of contracts which the Australian Government is exercising are not different in substance from those adopted by other exporting countries like Canada.

Mr. Anthony said that there would be control over the quantities of uranium being exported and that contracts must be consistent with the Government's nuclear safeguard policy. The supervision extends to the terms of the contracts including methods of shipment and mode of payment. The terms and conditions for any contract would be made known to the producer before it was signed, Mr. Anthony said.

LOSSES CLIMB AT LKAB

LKAB, the state-owned Swedish mining group, is expecting losses to increase this year, writes John Walker from Stockholm.

The forecast is for a loss of SKr 675m (£79.4m) compared with SKr 643m last year. The deficit for the first four months of the year, before appropriations and taxes, were SKr 272m (£32m) against SKr 181m in the same period of 1977.

Over the whole year it is expected that stocks will be written down by SKr 113m, while sales are expected to decline to SKr 1.6bn from SKr 1.65bn in 1977.

The Canadian miners strike is said to have increased iron ore demand from other producers and LKAB expects to see deliveries climb to 21m tonnes this year after 19.5m in 1977. But prices are now 15 per cent lower than last year.

Tanks reduces its final

TANGANYIKA CONCESSIONS (Tanks) yesterday declared a final dividend of 6p compared with 7p for the 1976 financial year. Total payments for 1977 are 10p, against 11p the year before.

The reduced dividend accompanied an announcement of net profits for last year of £2.25m., slightly down on the £2.38m earned in 1976. But attributable profits were down to £1.7m. after an extraordinary item of £321,983, which included foreign exchange losses on the revaluation of foreign currency assets.

The 1977 figures include the results of Elbar Industrial for the first time. Elbar contributed £2m. to the pre-tax profit of £4.4m.

Revenue from Tanks 17.6 per cent. in Union Miniere, the Belgian mining group, was reduced in 1977 to £1.79m. from £2.2m. in 1976. This was predictable in the light of the 26.6 per cent. fall in UM's 1977 net profits and the lowering of its 1977 dividend to BFr 500 from BFr 600 in 1976.

Like 1976, Tanks last year received no dividend from the Benguela Railway Company.

The stock market yesterday took a glum view of the Tanks dividend and profits announcement, clipping 5p off the shares to 166p. Recently, however, Tanks shares have been at a 1978 high of 175p because of its 8.4 per cent. stake in the Ashton diamond venture in Western Australia.

Lean years ahead for Canada

THE Canadian mining industry will have two or three difficult years before recovery in the early to mid-1980s, according to Mr. Mervyn Upham, the president of the Mining Association of Canada, speaking yesterday at the Association's annual meeting in Ottawa.

"Certainly over the next two or three years, the overall performance will most likely be characterised by familiar difficult economic circumstances both at home and abroad," Mr. Upham said.

But he thought the prospects for recovery were improved, in part because of the underlying strength of the international demand for a broad range of minerals. Demand was not increasing in all cases at the high rate of ten years ago, but fundamental demand strength was evident.

"By the early-1980s progressive moderate increases on the demand side should provide a better foundation for the industry's expansion," he commented.

Mr. Upham cited concentrate production as one of the best opportunities for the industry in the 1980s. For the next few years, he argued, the efforts of both Government and industry should be directed towards the development of new mines and the expansion of concentrate production.

On the question of relations between the Government and industry, he felt that a dialogue over the last year had increased understanding and co-operation.

The industry has been vexed by taxation policy and the level of the burden imposed at both the federal and provincial levels. It has placed before the Government a series of proposals for wide-ranging tax reform. Change is necessary to encourage investment, it believes.

COAL SEARCH IN NOVA SCOTIA

This year an additional C$6m (£2.9m) will be spent by the Canadian Government and the Nova Scotia provincial Government on assessing coal reserves off the coast of Cape Breton Island, writes John Soganich from Toronto.

This is Nova Scotia's main coal producing area, centred on the steel town of Sydney. Seven holes will be drilled in the seabed around the Sydney mines, the New Waterford, Glace Bay and Donkin areas.

Nova Scotia is seeking a major expansion of its coal production capacity and is receiving help from the federal Government's Department of Regional Expansion which is putting up 80 per cent of the funds.

HIGHER INTERIM FROM PETALING

Petaling Tin, the Malaysian producer, is paying a sharply increased interim dividend for the year to October. It is 40 cents (9.19p) gross of both Malaysian and UK income tax. In the year to October 1977, two interim dividends of 17.5 cents and 62.5 cents were paid.

This year's interim reflects a dramatic gain in net profits. The group announced estimated earnings for the six months to April of M$2.53m. (£581,609) compared with M$787,000 in the same period of 1976-77. Petaling reaped the benefit of higher production and sales at a time of rising prices.

In London yesterday the shares were unchanged at 210p.

MINING BRIEFS

EX-LANDS NIGERIA—Production of tin ore for April, 28 tonnes (March 25 tonnes).

SUNDERLAND AND SOUTH SHIELDS WATER COMPANY—Results for year to March 31, 1978, already known. Fixed assets £25.39m (£23.9m). Net current liabilities £0.8m (£0.31m assets). Auditors say company does not depreciate cost of its major capital assets but charges the cost of assets replaced against contingency fund. Working capital decreased £1.12m (£0.35m). Meeting, Sunderland, June 21, noon.

OIL AND GAS NEWS

Canada unable to meet target

BY ROBERT GIBBENS

MONTREAL, June 1.

CANADA will not be able to meet the Federal Government's target of 1m barrels per day of oil production by 1990 from oil sands and neighbouring heavy oil deposits, Mr. C. William Daniel, president of Shell Canada, told Montreal financial analysts.

"The best that could be realistically achieved, given optimal phasing of projects, is about 700,000 barrels. This is mainly because of the size of the projects and the current slow pace of progress towards implementation."

"Even that level of production by 1990 requires more urgency in negotiating suitable commercial terms."

The third tar sands plant now planned by Shell and a consortium of oil companies would cost $4bn. and this could be raised from the private sector if the rate of return is sufficient to cover risks and the world price is assured for the oil extracted.

If industry cash flow is sustained, gas supply in excess of domestic demand and existing export commitments can be maintained for more than a decade. More Canadian gas should be exported from Western Canada on a short-term basis to help Canada's balance of payments and industry cash flows.

In an interview Mr. Daniel agreed that Quebec's target of reducing oil's market share in the province from the present 70 per cent to 40 per cent could mean the shutdown of two Montreal refineries. But he did not believe such a target was achieveable

Also the industry is pressing the Federal Government for the resumption of exports of refined product to the north-east U.S.

Wm. Pickles confident

Mr. C. H. Buckley, the chairman of William Pickles and Co. tells shareholders in his annual statement that he is very optimistic and confident about the future of the group. But he says that it is always difficult to make any firm predictions about future trading conditions, particularly for the textile trade.

The retail trade, he adds, is by and large, not buoyant. However, the group is soundly based, and subsidiaries are well diversified in their business of garments, household textiles, soft furnishings fabrics, sportswear, upholstery fabrics and neckties.

As reported on April 27 pre-tax profits for 1977 fell from £876,138 to £817,082 and the dividend is lifted to 0.656p (0.636p). Mr. Buckley says that the downturn in sales in the last quarter had an adverse affect on profits. Margins were constantly under pressure owing to competition from the Far East and elsewhere.

In December 1977 the EEC gave its assent to the Multi Fibre Arrangement and 25 countries have agreed to limit their exports to the Community of these products which were currently causing disruption. These agreements however do not provide for a reduction or even a standstill in total imports from developing countries.

The chairman says that there are positive benefits which confirm the directors' belief that it is essential for the future of the group that it should maintain its manufacturing presence in Britain.

An assignment, in the Autumn of 1977, to carry out a reorganisation in Banner Textiles (Scotland) has still some months to run, Mr. Buckley says, but it is already evident that beneficial results are accruing. Directors have also approved capital expenditure for further modernisation in this subsidiary and one of the Banner factories in Ireland.

Negotiations are also near completion for the centralisation of two knitting plants of Uwin Sportswear, into one larger, more effective, single operation.

Mr. Buckley is retiring, to be succeeded by Mr. Denis S. Greensmith.

Sears seeking $100m acquisition in U.S.

SEARS HOLDINGS, the stores, footwear and engineering group is looking for a U.S. takeover deal worth more than $100m. Mr. Geoffrey Maitland Smith, the chief executive said yesterday it was seeking something substantial, preferably in retailing or the service industries.

In Sears terms substantial was likely to be a bid involving more than $100m he said. "It must be a company that is in a growth area, sound and extremely well managed."

Because of its large UK interests the prospects of the group being able to launch a major UK bid without a Monopolies Commission reference were remote.

It is therefore turning its attentions overseas, and the U.S.—where it is already looking at a number of groups—is not the only prospective buying ground. Europe is also being considered but the investment there is likely to be below the American proposals.

Ideally it is looking for a small chain store operation to expand its footwear or Miss Selfridge operation in Europe. The group is looking at a number of possibilities.

In the Netherlands, Sears is now one of the largest footwear retailers, and the chairman says that in due course the group does not wish to be represented only in the UK and the Netherlands, but also throughout Europe.

Mr. Maitland Smith said the group hoped to make a move on these expansions, either in the U.S. or Europe, this year.

Sear's last year extricated itself from unprofitable knitwear manufacturing operations in the U.S. incurring extraordinary losses of £3.4m on the disposal and trading losses of £2.55m up to July 31, the disposal date. In the previous year losses were £9.97m.

Mr. Leonard Sainer, the chairman, says in his annual statement that excluding the knitwear losses the U.S. side would have contributed a £1.3m trading profit. He says the remaining activities in the U.S., while comparatively small, should show an improving profit position as years go by.

Its newly acquired Miss Erika ladies' wear operation contributing satisfactory profits while the Consolidated Laundries division is concentrating on the hospital and industrial uniform markets.

Mr. Sainer says the group is making efforts to acquire businesses to augment earnings and to enhance the future growth of Sears Industries Inc.

"It is your Board's intention to continue our present policies of consolidation and expansion of our businesses, enlarging them where possible, particularly in Europe and North America."

For the January 31, 1978 year, when overall group pre-tax profits were 54 per cent. up at £65.51m, Europe contributed trading profits of £7.66m. (£4.15m.) while the U.S. and Canadian loss was trimmed from £0.8m to £1.43m.

For the current year Mr. Sainer says that if the UK economy improves the group should benefit in all aspects of its business, and he looks forward to an increase in profit for the current year.

In the footwear retailing and manufacturing division Mr Sainer says the group derived considerable benefit from the tourist influx into London, and while this declined in the last quarter the group is making good the fall off in tourist trade from increased home demand.

A programme for the improvement of the working conditions and general modernisation of its shoe making factories has begun.

With departmental stores, jewellery and other retailing the signs of improvement in consumer spending should offset any decline in tourist trade at Selfridges. The modernisation programme has been accelerated and will soon allow the group the benefit from greater selling space and improved selling conditions.

Directors are confident the Lewis stores will produce an increasing profit contribution. The profitability of the Conley division is now "most satisfactory."

On the engineering side the results of the rationalisation in the Bentley group will be seen late in 1978, and while a recovery in the textile machinery industry is not expected this year the group should now be in a better position to trade profitably, even in the prevailing difficult market conditions, Mr. Sainer says.

Prospects for the Pickering carpet operations are not good but it should end 1978 profitably. The Pegson mining and quarrying machinery operations continue to do well with an improving order book. Elsewhere in engineering the group is reorganising and investing in new equipment in anticipation of an improvement in the UK economy.

With motor vehicles, the contract hiring operations are to be further promoted while a Ford and a Bedford expansion are expected to produce a noticeable improvement in long term profits.

Present indications show a continuation of the improvement in demand for new housing where margins improved last year.

At year end current assets of Sears stood at £264.77m (£222.14m) including £43.29m (£30.62m) of short term deposits and cash. Current liabilities were £142.27m (£127.9m) and fixed assets were £444.08m (£383.21m). Loan capital was £135.85m (£138.29m).

Loan instalments of £21.38m are due for repayment this year. In March this year £15m of 10.25 per cent sterling foreign currency bonds were issued and will be applied to repaying certain foreign currency debts of the group, principally Deutschemarks. At balance date debts denominated in this currency were £12.32m.

Meeting, Selfridge Hotel, W, June 27 at noon.

High speed Transatlantic parcels service

By Michael Donne

BRITISH AIRWAYS and British Rail are collaborating to provide a high-speed transatlantic parcels service, using the High-Speed Train and Concorde.

The aim is to enable shippers to put parcels on the High-Speed Train through the BR Red Parcel's service, which would be associated with the BR City Link van collection service, and the BA Concorde departures for Washington and New York daily from Heathrow.

This could mean, for example, that a company in Darlington could send an urgent consignment in the morning, and have it available for collection in New York before 5.30 pm the same evening local time.

Jetlink, it is claimed, will offer van collection from the shipper's door within an hour of a telephone call.

BIDS AND DEALS

Eastern brokers come out against H & C offer

BY JAMES BARTHOLOMEW IN LONDON AND H. F. LEE IN SIN GAPORE

BROKERS IN the Far East are coming out against the Harrisons and Crosfield bid for Harrisons Malaysian Estates but the offer looks likely to succeed on UK acceptances alone. The first closing date of the offer is on Monday June 5.

The most vocal eastern opposition comes from Mr. P. J. Sutherland of Lyall and Evatt (Pte) in Singapore. Behind him are seven other leading Singapore and Kuala Lumpur brokers reported to have advised clients against accepting the terms of one H and C share for every 5 HME shares.

Ironically, this may be a positive boon for H and C since a large slice of HME will have to be put into local hands anyway under the Malaysian New Economic Policy. The Far East holders account for only about 20 per cent of HME and so could not frustrate the bid.

The British holders meanwhile are expected to come up with enough acceptances to see the bid through. The brokers are divided. Laurence Prust has recommended clients to reject the bid and sell part of their holdings, while Montagu Loebl Stanley has given different recommendations to different kinds of holder.

Mr. David Hopkinson of M and G, the unit trust group which holds about 8 per cent of HME, said yesterday that his group would probably accept for most of its holding. He said that different funds under management had different objectives, and acceptance or rejection would depend on those objectives. M and G funds also own about 2¼ per cent of H and C.

The attitude of many institutions, if not private investors as well, is coloured by the fact that, like M and G, they hold shares in both H and C and HME. This means that even if the terms of the bid are not considered sufficiently generous, the investor's left hand will receive a large part of what the right hand loses.

Such investors want to be sure that H and C does not suffer the incalculable consequences of failing to consolidate control of HME. Moreover, as Montagu Loebl Stanley puts it, "In no circumstances should holders of both securities retain their entire HME holding since this action could help to defeat the merger terms and in this eventuality the forecast H and C dividend might well not be paid."

But the Far Eastern broker, Lyall and Evatt, is concerned that UK investors who only hold HME shares should realise that HME is likely to attract a much higher rating when its residence is transferred to Malaysia. And on top of that, it will attract the dollar premium. "I do not see why HME shareholders should be invited to sell out at a substantial discount to the overall rating of the plantation sector in Malaysia," says Mr. Sutherland.

Back in London, Baring, advisers to H and C, countered yesterday that Lyall and Evatt had not sufficiently taken into account the increase in dividends which H and C would pay after the merger. And an institutional fund manager commented that there was still some way to go before HME was Malayanised. He wondered whethed it would immediately get a high rating even then.

Newey gets £1.9m German bid

AN AGREED takeover bid for Newey Group, the haberdashery concern, is being made by William Prym-Werke, of West Germany, which already holds some 25 per cent of the Newey capital. The offer, of 65p a share in cash—compared with last night's closing price of 55p, up 1p—values the whole of Newey's ordinary capital at £1.59m.

It is a pre-condition of the offer that the directors of Newey and certain other shareholders should enter into irrevocable undertakings to accept the offer in respect of not less than 15 per cent of the Newey shares which, together with the 608,665 shares already owned by Prym, represents approximately 40 per cent of the ordinary capital. The Board of Newey, which has been advised by Kleinwort Benson, will unanimously recommend acceptance of the offer to all shareholders and is of the opinion that the necessary undertakings will be forthcoming. Prym does not at present intend to make an offer for the Newey preference shares.

Prym, a partnership based in Stolberg, acquired its holding in October 1977 at about 65p a share and subsequently made loan finance available to Newey. Since that time Newey has experienced increasingly difficult trading conditions resulting in further losses, and it has become clear that the future of Newey depends upon increased financial and technical support from Prym. The Boards of Newey and Prym consider that this can only be achieved by a full merger of the two companies.

Newey manufactures hard haberdashery including hooks and eyes, snap fasteners, hairgoods, pins, safety pins and cover buttons.

Newey's turnover in the 52 weeks ended January 1 1978 was £13.2m on which it incurred a pre-tax loss of £464,040. In the period ended March 31, 1978, the unaudited management accounts showed a loss before tax of £137,000 compared with a profit of £45,000 in the same period last year.

Morgan Grenfell will despatch formal offer documents on behalf of Prym as soon as practicable after satisfaction of the pre-condition.

SHARE STAKES

An Armstrong Equipment subsidiary bought on May 31 a further 14,500 Cornercroft shares at 65p per share. This makes total holding 972,160 shares (38.89 per cent).

Electronic Machine Co: As a result of purchases of 60,000 shares on May 24 and 30,000 shares on May 25 by Roldvasian, a company beneficially owned by Mr. and Mrs. J. P. Lobbenberg, that Mr. Lobbenberg has increased his beneficial interest in Electronic Machine to 375,000 shares (15.3 per cent).

Alpine Holdings: Mr. P. B. Kaye has sold, on behalf of himself and family interests, 10,000 ordinary shares.

Charles Early and Marriott (Witney): Mr. J. B. Crawford, a director, has taken up his option on 20,000 partly-paid shares issued to him under a share incentive scheme.

Automotive Products. Emmott Foundation has purchased a further 100,000 ordinary shares. Three directors of Emmott, Mr. J. B. Emmott, Mr. M. Keeble and Mr. E. G. Barratt are also directors of Automotive.

APV Holdings: Sir Ian Stewart has sold 100,000 ordinary shares and £50,000 10½ per cent convertible unsecured loan stock 1997-2002.

Expanded Metal Company: Mr. R. D. Scott, a director, has sold 11,000 ordinary shares and Mr. N. Butterworth has sold 5,000 shares.

Brown Boveri Kent: Following recent rights issue Mr. J. L. Lutyens, a director, has acquired a further 3,394 ordinary shares and now holds 11,974 shares and Mr. J. G. Vaughan has acquired a further 250 ordinary shares and now holds 1,250 shares. BBC Brown, Boveri and Co. acquired a further 5,918,401 ordinary shares and now holds 29,592,008.

Jessel, Toynbee and Co: Save and Prosper Group now holds 660,000 (6.4 per cent) ordinary shares. These shares are registered in nominees companies, namely the Bank of Scotland and Royal Bank of Scotland.

Mining Supplies—Mr. A. Snipe, a director, has bought 50,000 ordinary shares.

Mount Charlotte Investments—Mr. K. M. Renton, a director, has purchased 30,000 ordinary shares.

Dawson International—Woodbourne Nominees has sold 55,000 shares reducing its holding to 2,714,237 shares.

Benlox Holdings—W. M. Kudal, director, holds 262,498 ordinary shares and 75,000 new ordinary shares making 29.9 per cent of capital. Mr. R. D. Barnett, director, holds 27,000 shares. Mr. F. R. Moore, director, holds 10,400

George H. Scholes and Co.—Britannic Assurance Company on May 26 were interested in 390,000 ordinary sares (9.1 per cent).

Wilkinson Match—Notice that one of the accounts in which Mr. D. Randolph, chairman, has a non-beneficial interest, has sold 55,000 ordinary shares.

W. and J. Glossop—Throgmorton Trust is now the benficial owner of 280,000 ordinary shares (6 per cent).

George Sturla and Sons—Menteith Investment Trust has purchased 200,000 ordinary shares and now, with its subsidiary, has an interest in 500,000 ordinary shares (5.39 per cent).

Francis Industries—West City Securities has sold 20,000 ordinary shares thereby reducing its holding to 830,418 shares (11.45 per cent).

British Mohair Spinners—Mr. J. A. Clough, a director, has sold 40,000 ordinary shares and Mr. C. A. Little, a director, has sold 4,899 ordinary shares.

Regional Properties—Mr. M. S. Hardie, a director, has acquired 1,000 shares, not 101,000 as reported.

RHM SELLS ANIMAL FEED OFFSHOOT TO SCATS

Ranks Hovis McDougall has sold Gardner Hodson, the Robertsbridge, Sussex, based animal feed millers and general agricultural merchants it bought in 1970. The price is £540,000 and the cash buyer is Southern Counties Agricultural Trading Society, a farmer-owned co-operative based in Winchester which is well established as an agricultural merchant in the Kent, East Sussex and East Surrey areas.

Gardner Hodson was apparently becoming a problem for RHM because the limited size of its mill meant high production costs in producing the full RHM animal feedstuffs range.

Rather than build a new mill or expand capacity, at a time when RHM already has a new mill under construction in Poole, in Dorset, RHM decided to sell the company.

SCATS will use the existing mill to produce its own brand feedstuffs which comprise a narrower range.

EDWORKS LISTING RESTORED

The bid for the minority shareholders of Edworks, the terms of which were reported yesterday, is the latest of a series of what have been termed "leveraged buy-outs" in Johannesburg. The number of family controlled companies there is considerable. With the recessionary climate of the past few years, earnings of many small companies have stagnated, or declined, and share prices have fallen to a fraction of net asset value. In Edworks' case, taking the "A" ordinaries' 1977 low of 31 cents, the discount was over 90 per cent at one time.

Terms of some of these deals have occasioned adverse comments because of the big discrepancy between net worth and the exit terms offered. In Edworks' case, though the discount to net worth is large, the terms seem likely to be generally accepted as a fair reflection of the group's earnings potential.

The London listing of Edworks was restored yesterday. After starting at 82½p per share it fell back at the close to 78p per share.

FORWARD TECHNOLOGY

Shareholders of Forward Technology were yesterday sent details of the two companies, Radyne and KLN-Ultraschall, for which FTI paid £3.5m. in April.

Over the past five years Radyne's profits have grown steadily from £145,000 to £569,000 in 1977. KLN, which makes ultrasonic generators in W. Germany, has had a more chequered career. Profits of DM 864,000 in 1974 were cropped to DM 393,000 in 1975 though last year they had lifted again to DM 999,000.

Following the purchases FTI has had the two companies' properties revalued and this has thrown up a surplus of £810,000 over the book value of £1.5m. The surplus will be consolidated in the next group accounts.

RENTOKIL PAYS £913,000 FOR U.S. CONCERN

Rentokil Group has paid £913,000 ($1.7m) for Mighty National Exterminators of Florida U.S., together with its pest control and fumigation subsidiaries. The purchase price is payable in cash over a ten year period, substantially representing goodwill.

The combined turnover of the Mighty National companies for 1977 was $3.7m (£2,036,900) and profits before tax were $114,000 (£63,000).

Rentokil already has pest control operations in New York and timber treatment interests in Spartanburg, South Carolina and Richmond, Virgina.

Travel permits from post offices planned

SENIOR CITIZENS' free travel permits bearing photographs of the holders are to be introduced on October 1, if a recommendation to the Greater London Council's London transport committee is agreed on June 8.

The new-style permits would be issued at Post Offices—not at borough council offices as in the past—on Mondays to Fridays during the eight weeks beginning on July 31, and will be valid for four and a half years.

From April 1980 they must have a renewal stamp attached by the Post Office each year. Existing permits remain valid until September 30.

Dr. Gordon Taylor, committee chairman, said yesterday: "The introduction of the scheme was delayed while detailed discussions were held with various interested parties.

"Now these have finished, we want to press ahead with our plans to make it as easy as possible for people to obtain their permits.

"Although the scheme has operated adequately in the past, there is a need to improve the administration, and what could be easier than to collect your travel permit at the same place as you get your pension?"

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Mixed, following another heavy trade

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 1.

STOCKS ON Wall Street moved erractically today in another heavy trade before finishing on a mixed note.

The Dow Jones Industrial Average, after reacting to 835.24 and then improving to 845.81, came back to close a marginal 0.09 harder on the day at 840.70. The NYSE All Common Index finished 7 cents up at $54.59, after touching extremes of $54.42 and $54.68, but losses held a slight lead over gains at the close of 731 to 711.

Analysts sai dthe market moved hesitantly through cross-currents. They said some investors abroad were selling early in the session on adecline in the dollar, but the dollar picked up later. The Government reported that its index of forward-looking economic indicators rose by 0.5 per cent in April after a decline of 0.1 per cent in March. However, some economists had looked for a stronger April gain.

There was also some worry ahead of the weekly money supply figures. Analysts said they expected the Federal Reserve to report that U.S. money supply grew by about $1bn in the latest reporting week, but after the stock market close, the Fed announced that U.S. money supply M-1 fell by $1bn.

Brokers noted a rally attempt in the second half of to-day's session following the dollar's *improvement and a White House* statement that it is not seeking stand-by wage and price controls although some members of Congres are pushing for such authority.

Diamond Shamrock fell 3¼ to $26 on stating that its performance so far this year is lagging behind last year's record pace.

Gaming issues ran into heavy selling. Bally Manufacturing retreated 1¼ to $30⅞. Caesars *World 2 to $18⅞ and Playboy 1½* to $12⅞.

Shakless slumped 4 to $19⅞ in heavy trading after announcing that its earnings will not be as good as it previously estimated.

General Dynamics added ⅜ at $61 and Boeing $1 at $50—Defence Under-Secretary William Perry said both companies may be asked to build the cruise missile. They were preparing competing versions.

THE AMERICAN SE Market Value Index finished 0.07 easier at 144.80 following a 3.35m share volume (3.79m).

Active *Resorts International A* lost 2¼ to $35, but *Goldblatt Brothers* rose 1⅜ to $6½.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Bally Mfg.	425,000	30⅞	−1¼
Reliance Group	384,800	32⅞	−⅛
American Motors	350,000	6	+⅛
Shaklee	328,800	19⅞	−4
Diamond Shamrock	303,900	26	−3¼
Squibb	271,400	30⅛	+1½
Carter Hawley	270,100	19⅞	−⅞
Sears Roebuck	260,000	24¼	−⅛
Caesars World	254,600	16⅞	−2
Pepsico	202,900	30⅛	−⅛

OTHER MARKETS

TOKYO—After gaining further ground, the market generally reacted on late liquidations induced by a fresh appreciation of the Yen, leaving stocks with a mixed appearance on balance. The *Nikkei-Dow Jones Average* finished only 6.47 up on the day at 5,476.24, while the Tokyo SE index was a net 0.33 off at 409.61. Trading was active, volume reaching 430m shares (330m).

Most export-orientated issues recorded net losses, TDK Electronic ending Y30 down at Y1,990, Pioneer Electronic Y40 off at Y1,750, and Toyota Motor Y6 easier at Y975.

Constructions, Foods, Pharmaceuticals, *Oils and Public Works* shares, however, held up well, still fortified by the abolition of the 10 per cent cash reguirements for margin trading, which became effective on Wednesday.

Kyoto Ceramic rose Y80 to Y3,630, Diesel Kiki Y60 to Y1,550, Kaken Chemicals Y35 to Y1,030, Morinaga Milk Industry Y27 to Y235, Nippon Chemical Condenser Y25 to Y725, Nippon Univac Kaisha Y25 to Y748, and Jeol Y23 to Y482.

PARIS—*Bourse prices* were again irregular, although with a steady undertone prevailing.

The market was partly undermined by light sales following the publication of the draft law to encourage share investments. Many operators said the draft law was very complicated and may be difficult to put into practice.

Underpinning the market, however, was a quarter-point cut in Call Money to 7¾ per cent, the firmness of the franc against the dollar and the overnight Wall Street rise.

Most Banks, Portfolios, Rubbers, *Mechanicals* and *Hotels* were ahead at the end of business, but Foods, Constructions, Chemicals and Textiles made an easier showing. Notable firm spots included Credit du Nord, Financiere Europeenne, Kleber, Tales de Luzenac, Saunier-Duval, PLM, MECI, Chiers and BP, but UFB, Mumm, Dumez, DBA, Usinor, Esso, Lefebvre and Dollfus-Mieg were among stocks to retreat.

GERMANY—Market was consolidating its position yesterday and closed with mixed movements after the recent strong rise.

BMW came back DM 1.50 in Motors, while Bayer shed 80 pfennigs among Chemicals. However, BBC advanced DM 3 in Electricals, and Babcock moved ahead DM 6 in Engineerings.

Public Authority Bonds rallied further, registering gains to 45 pfennigs, and the Regulating Authorities sold a nominal DM 28.7m of stock, against DM 78.7m sales the previous day. *Mark Foreign Loans were steady.*

AUSTRALIA—Some major Mining stocks showed renewed strength after Wednesday's easier performance, but markets otherwise reliquished more of the recently gained ground on profit-taking.

North Broken Holdings advanced 8 cents to A$1.35, MIM 6 cents to A$2.31, and Bougainville Copper 3 cents to A$1.28, although CRA came back 8 cents more to A$2.50.

Uraniums were higher but below the day's best, Pancontinental ending 60 cents stronger at A$15.20, after A$15.40. EZ Industries added 10 cents at A$2.28.

Profit-taking cut Central Pacific back A$2.20 to $6, while the other Oil Shale speculative, Southern Pacific, reacted 30 cents more to A$2.40. Diamond Exploration favourites sustained sharp losses in places, with Northern Mining retreating 23 cents to A$1.45 and Alkane 8 cents to 20 cents.

The Sydney Stock Exchange *announced an inquiry into* Atherton Antimony, the Fiji gold prospector, and the shares fell 15 to 85 cents.

Industrial leader BHP shed 4 cents to A$6.90, although mixed Banks had ANZ up 3 cents at A$3.23.

CANADA—Markets displayed irregular movements following another active trade, having failed to maintain Wednesday's advance. The Toronto Composite Index was unchanged at 1,128.8. Banks rose 9.34 to 273.21 and Utilities 0.33 to 173.83, but Golds came back 6.8 to 1,411.1 and Oils and Gas 6.9 to 1,343.7.

Canray Resources gained 16 cents to C$1.84. Combined Metal Mines 2 cents to 34 cents and Calvert Gas and Oil 7 cents to 60 cents—the three concerns said drilling will start immediately on their Saskatchewan uranium property.

HONG KONG—Shares made further headway

Hong Kong Bank rose 20 cents to HK$15.70, Hutchison Whampoa 12.5 cents to HK$4.75 and Jardine Matheson 10 cents to HK$13.20, while Swire Pacific and Wheelock Marden put on 5 cents apiece to HK$6.45 and HK$2.575 respectively.

Dollar recovers

The U.S. dollar showed little change on balance against most major currencies, but recovered quite strongly from the lowest levels recorded during early trading. The currency fell to SwFrs 1.8780 against the Swiss franc, but closed at SwFrs 1.8920, compared with SwFrs 1.8930 on Wednesday. The dollar touched Y220.75 in terms of the Japanese yen during the morning, before closing at Y221.45, compared with Y221.40 previously. In terms of the deutsche mark the U.S. unit fell to DM 2.0810, but closed at DM 2.0902½, compared with DM 2.0910.

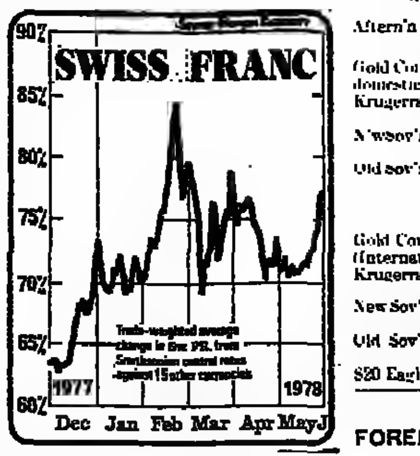
The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, widened to 5.72 per cent from 5.62 per cent, while its index, on Bank of England figures, fell to 89.5 from 89.6.

Sterling opened at about its firmest level of the day, at $1.8355-1.8365. It fell to $1.8300-$1.8310 at lunch, and continued to decline to $1.8275, where there may have been some intervention by the authorities. The pound touched a low point of $1.8240-1.8250 in the afternoon, and closed at $1.8260-1.8270, a fall of 65 points on the day.

Support for sterling by the Bank of England helped to keep the pound's trade-weighted index unchanged at 61.4. It stood at 61.4 at noon and at 61.5 in the morning.

Longer dated forward sterling was weak, with the 12-month discount against the dollar widening to 5.17½ cents from 4.90 cents.

Gold fell $1 to $183-183¾, after touching a low point of $182¼-$183¼.



CURRENCY RATES

	Special Drawing Rights June 1	European Unit of Account June 1
Sterling	0.668915	0.672698
U.S. dollar	1.22465	1.23236
Canadian	1.37038	1.37958
Austria sch	18.3942	18.5038
Belgian franc	39.9940	40.2458
Danish krone	6.88315	6.92859
Deutschem'k	2.56013	2.57318
Dutch guilder	2.74077	2.75838
French franc	5.62359	5.65196
Italian lira	1058.65	1065.00
Japanese yen	270.648	272.457
Norway krone	6.62719	6.66321
Spain peseta	98.1447	98.6961
Swedish krona	5.64870	5.68365
Swiss franc	—	2.32360

GOLD MARKET

	June 1	May 31
Gold Bullion (a fine ounce)		
Close	$183-183¾	$184-184¼
Opening	$183¾-184½	$184¼-185
Morning fix'g	$183.25 (£100.016)	$184.90 (£101.465)
Aftern'n fix'g	$183.00 (£100.109)	$184.15 (£100.843)
Gold Coins, domestically		
Krugerrand	$188-190 (£103-104)	$191½-193½ (£104½-105½)
N'w Sov'gns	$52½-54½ (£29-30)	$54½-56½ (£29¾-30¾)
Old Sov'gns	$56½-58½ (£31-32)	$56¼-58¼ (£30¾-31¾)
Gold Coins (Internat'lly)		
Krugerrand	$188-190 (£103-104)	$189½-191½ (£103½-104½)
New Sov'rgns	$52½-54½ (£29-30)	$52½-54½ (£28½-29½)
Old Sov'rgns	$56½-58½ (£31-32)	$56¼-58¼ (£30¾-31¾)
$20 Eagles	$277½-280½	$277¾-280¾

FOREIGN EXCHANGES

June 1	Bank Rate %	Market Rates Day's Spread	Close
New York	7	1.8240-1.8365	1.8260-1.8270
Montreal	9½	2.0420-2.0590	2.0440-2.0450
Amsterdam	4	4.08-4.11	4.09-4.10
Brussels	5½	58.85-59.90	58.70-59.60
Copenhagen	8	10.29-10.34	10.29-10.30
Frankfurt	3	3.81-3.83	3.81½-3.82½
Lisbon	18	83.10-84.00	83.15-83.65
Madrid	8	146.40-147.15	146.45-146.55
Milan	11½	1,578-1,587	1,578-1,579
Oslo	7	[illegible]	9.86½-9.87½
Paris	9½	8.38-8.45	8.38½-8.39½
Stockholm	7	8.43½-8.50	8.44½-8.45½
Tokyo	3½	400-410	404-406
Vienna	5½	27.40-27.55	27.45-27.55
Zurich	1	3.44-3.47	3.45½-3.46½

†Rates given for convertible francs. Financial francs 59.55-60.05.

OTHER MARKETS

[illegible]				

Rate given for Argentina is a free rate.

FORWARD RATES

[illegible]		

Six-month forward dollar [illegible]. 12-month [illegible].

EXCHANGE CROSS-RATES

June 1	Frankfurt	New York	Paris	Brussels	London	Amst'dam	Zurich
Frankfurt	—	2.0912-22	45.50-60	6.544-404	3.[illegible]-23	25.33-45	110.56-70
New York	47.8?-94	—	21.19-21	3.055-3200	1.8210-8220	44.62-65	53.06-10
Paris	18.37-27	4.[illegible]-92	—	14.[illegible]	[illegible]-138	204.6[illegible]-5.35	240.97-5.47
Brussels	15.61-66	30.65-75	7.11-13	—	59.73-88	14.57-62	17.[illegible]-74
London	[illegible]	1.8260-70	2.321-39½	59.70-80	—	4.09-10	3.45½-46½
Amsterdam	107.155-205	[illegible]	48.775-825	6.[illegible]	4.0985-1035	—	119.625-675
Zurich	[illegible]	1.8915-30	1.1867-2418	5.7[illegible]	5.4654-4691	84.391-796	—

U.S. $ in Toronto=111.81-84 Canadian cents. Canadian $ in New York=89.42-44 cents. U.S. $ in Milan 864.40-70. Sterling in Milan 1578.05-1578.20.

EURO-CURRENCY INTEREST RATES

June 1	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss Franc	W. German mark
Short term	8½-8¾	6¾-7¾	7⅜-7⅝	4¾-5	¼-⅝	3⅛-3⅜
7 days notice	8¾-9¼	6¾-7¼	7½-7¾	4⅝-4⅞	¼-⅝	3⅛-3⅜
Month	9⅝-10	7¾-8¼	7⅞-8	4⅝-4⅞	[illegible]	3[illegible]
Three months	10¼-10⅝	8[illegible]	7⅞-8⅛	4¾-5	1⅛-1¼	3½-3⅝
Six months	11-11⅜	8⅝-8⅞	8⅜-8⅝	5⅛-5⅜	1⅜-1½	3½-3⅝
One Year	11½-11⅞	8¾-9⅛	8½-8¾	5⅛-5¾	1¼-1⅝	3⅝-3¾

Euro-French deposit rates: two-day 9½-9¾ per cent: seven-day 9½-9¾ per cent: one-month 9[illegible]-9¾ per cent: three-month 9⅝-9⅞ per cent; six-month 9⅞-10⅛ per cent: one-year 10[illegible]-11[illegible] per cent.

Long-term Eurodollar deposits, two years 8¾-8⅞ per cent: three years 8[illegible]-8[illegible] per cent: four years 8¾-9 per cent: five years 8[illegible]-9[illegible] per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.65-7.75 per cent: three-month 7.90-8.00 per cent: six-month 8.20-8.30 per cent: one-year 8.45-8.55 per cent.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs.

Indices

NEW YORK—DOW JONES

	June 1	May 31	May 30	May 26	May 25	May 24	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	840.70	840.61	834.85	831.85	835.41	837.99	858.37 (17/5)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	87.98	88.01	88.14	88.19	88.25	88.18	90.96 (4/1)	87.98 (1/6)	—	—
Transport	224.58	225.95	224.08	225.70	224.14	224.06	231.50 (22/5)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.76	105.51	104.97	104.47	104.55	104.05	110.98 (3/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	28,750	28,060	21,840	21,410	28,410	31,460	—	—	—	—

*Basis of Index changed from August 24

Ind. div. yield %	May 26	May 19	May 12	Year ago (approx.)
	5.59	5.48	5.51	4.87

STANDARD AND POORS

	June 1	May 31	May 30	May 26	May 25	May 24	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	107.60	107.51	107.08	106.76	107.05	107.58	110.51 (17/5)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	97.35	97.24	96.85	96.56	96.86	97.08	99.60 (17/5)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	May 31	May 17	May 10	Year ago (approx.)
Ind. div. yield %	5.01	4.85	5.04	4.84
Ind. P/E Ratio	9.29	9.53	9.16	10.37
Long Govt. Bond yield	8.51	8.42	8.45	7.72

N.Y.S.E. ALL COMMON

June 1	May 31	May 30	May 26	1978 High	1978 Low
54.59	54.52	54.30	54.14	55.88 (17/5)	48.37 (6/3)

Rises and Falls

	June 1	May 31	May 30
Issues traded	1,893	1,891	1,832
Rises	711	928	748
Falls	731	546	631
Unchanged	451	417	453
New Highs	56	67	41
New Lows	52	44	39

MONTREAL

	June 1	May 31	May 30	May 29	1978 High	1978 Low
Industrial	180.93	180.95	180.95	180.74	185.67 (25/5)	162.50 (6/3)
Combined	190.43	190.28	190.07	180.01	192.86 (25/5)	170.82 (30/1)
TORONTO Composite	1128.8	1128.8	1128.2	1122.0	1156.5 (25/5)	998.2 (30/1)
JOHANNESBURG Gold	213.8	(u)	212.4	210.5	216.7 (1/6)	183.0 (25/4)
Industrials	226.0	(u)	225.0	225.7	226.0 (1/6)	194.5 (13/5)

	June 1	Previous	1978 High	1978 Low
Australia (§)	490.92	498.08	501.06 (30/5)	441.19 (1/6)
Belgium (‖)	96.70	96.97	101.16 (8/5)	95.45 (25/5)
Denmark (**)	95.86	96.46	98.16 (9/1)	94.00 (6/2)
France (††)	71.1	71.1	71.2 (30/5)	47.6 (3/2)
Germany (‡‡)	783.8	782.8	812.7 (10/5)	759.4 (17/5)
Holland (§§)	85.3	86.2	85.3 (1/6)	76.0 (4/4)
Hong Kong	471.25	472.67	471.25 (1/6)	383.44 (13/1)
Italy (‖‖)	62.92	63.01	64.33 (22/5)	56.46 (10/1)
Japan (a)	409.61	409.94	416.11 (19/5)	364.04 (4/01)
Singapore (b)	318.28	317.54	318.28 (1/6)	262.0 (1/6)
Spain (d)	105.66	105.16	110.12 (19/5)	87.66 (17/3)
Sweden (e)	369.24	369.56	387.90 (3/5)	323.74 (5/1)
Switzerl'd (f)	282.7	283.1	285.7 (14/3)	279.0 (25/4)

Indices and base dates (all base values 100 except NYSE All Common—50 Standards and Poors—10 and Toronto 300-1,000, the last named based on 1975) † Excluding bonds. ‡ 400 Industrials § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (§) Sydney All Ord. (‖) Belgian SE 31/12/63 (**) Copenhagen SE 1/1/73 (††) Paris Bourse 1961 (‡‡) Commerzbank Dec., 1953 (§§) Amsterdam Industrial 1970 (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73 (a) Tokyo New SE 4/1/68. (b) Straits Times 1966 (c) Closed (d) Madrid SE 30/12/77 (e) Stockholm Industrial 1/1/58 (f) Swiss Bank Corp (u) Unavailable

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated; yields based on net dividends plus tax. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ◆ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to £—105% (106¾%)
Effective rate ($1.8265) 44% (45¼%)

NEW YORK

Stock	June 1	May 31
[illegible]		

CANADA

Stock	June 1	May 31
[illegible]		

GERMANY ◆

June 1	Price Dm.	+ or −	Div. %	Yld. %
AEG	79.7	−0.3	—	—
Allianz Versich	467	−1.5	20	1.9
BMW	256	−1.5	21.08	6.0
BASF	139.9	−0.1	19.76	6.7
Bayer	139.6	−0.8	18.76	6.7
Bayer. Hypo	270	+1	28.12	5.2
Bayer. Vereinsbk	295.2	+0.2	18	5.0
Ciba Int. Ned. wrts	165		—	—
[illegible]				

TOKYO ¶

June 1	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	355	−2	14	2.1
Canon	466	−10	12	1.3
Casio	590		25	2.1
Chinon	358	−3	20	5.0
Dai Nippon Print	554	−1	18	1.7
Fuji Photo	572		15	1.3
Hitachi	251	−1	12	2.4
Honda Motors	574		18	1.6
[illegible]				

Source Nikko Securities, Tokyo

AUSTRALIA

June 1	Aust. $	+ or −
ACMIL (25 cent)	†0.70	
Acrow Australia	†0.81	
Allied Mng. Tnls. Inds. $1	†2.20	−0.05
Ampol Exploration	†1.34	
Ampol Petroleum	†0.79	−0.03
Assoc. Minerals	†1.30	
Assoc. Pulp Paper $1	†1.22	+0.02
[illegible]		

BRAZIL

June 1	Price Cruz	+ or −	Div.	Yld.
[illegible]				

Vol. Cr. 106.5m. Shares 43.2m. Source: Rio de Janeiro SE.

AMSTERDAM

June 1	Price Fls.	+ or −	Div. %	Yld. %
[illegible]				

BRUSSELS/LUXEMBOURG

June 1	Price Frs.	+ or −	Div. Fr. Net	Yld. %
[illegible]				

OSLO

June 1	Price Kroner	+ or −	Div. %	Yld. %
[illegible]				

JOHANNESBURG

MINES

June 1	Rand	+ or −
[illegible]		

INDUSTRIALS

June 1	Rand	+ or −
[illegible]		

Securities Rand U.S.$0.73
(Discount of 36.5%)

PARIS

June 1	Price Fr.	+ or −	Div. Frs.	Yld. %
[illegible]				

SWITZERLAND ◆

June 1	Price Fr.	+ or −	Div. %	Yld. %
[illegible]				

COPENHAGEN ♣

June 1	Price Kroner	+ or −	Div. %	Yld. %
[illegible]				

MILAN

June 1	Price Lire	+ or −	Div. Lire	Yld. %
[illegible]				

VIENNA

June 1	Price %	+ or −	Div. %	Yld. %
[illegible]				

STOCKHOLM

June 1	Price Kronor	+ or −	Div. Kr.	Yld. %
[illegible]				

SPAIN ♥

June 1	Per cent	+ or −
[illegible]		

† Bid. ‡ Asked. § Traded. ¶ New stock.

NORTH AMERICAN NEWS

Decision near in SCM court fight with Xerox

BY DAVID LASCELLES

NEW YORK, June 1.

ONE OF the longest anti-trust cases in U.S. legal history, involving Xerox and SCM, another maker of office copiers, finally reached the jury stage this week when the judge presented its eight women and two men with no fewer than 76 questions to answer.

But even if they come back with unanimous answers to them all, the case, which is a year old this month, will be far from over. Damages must be considered, and so vigorous are the litigants that they are bound to pursue the matter to the highest courts in the land.

At issue is a charge by SCM that Xerox maintained illegal patent monopolies of office copying machines and engaged in marketing practices which violated the Sherman Anti-Trust Act. Part of SCM's allegation includes the claim that Xerox formed "cartels" with its subsidiaries Rank Xerox in Britain and Fuji Xerox in Japan. SCM is a New York-based corporation with about $1bn in annual sales whose widely diversified products include food, chemicals, paper products and electronic equipment—on top of the office copiers which put it at odds with Xerox.

In 1964, SCM was refused a licence by Xerox to make plain paper copiers, a refusal which it now claims prevented it from entering the copier market in 1967 and making several hundred millions of dollars in profits. Instead, it made losses of $47m.

SCM's suit is aimed at recovering these losses as well as $490m of additional damages. Tripling this total as provided for under the Sherman Act, SCM's total claim is for $1.47bn.

SCM's lawyers claimed in court last week during the summing up that Xerox had the power to exclude competition from the copier market, and did exercise it. They contended that Xerox had withheld machines from the market, and then sold them for unfairly high prices.

Xerox's counsel based their counter attack on the argument that SCM was in a bad way when it decided to enter the copier market with plain paper copying machines. Management was indecisive and lacked the drive to compete in the copying business, they said.

If the case goes against Xerox, it could face dismemberment of its office machine business, as well as whatever damages the Court cares to award. However, the final solution is clearly a long way off and the only people who have profited out of the case so far are the lawyers who are said to have earned over $50m from the case already.

Larger loss at Chromasco

By Our Own Correspondent

MONTREAL, June 1.

CHROMASCO, a major ferro-alloys producer in Canada and the U.S., posted a C$752,000 (US$672,000) net loss for the first quarter, against a loss of C$402,000 a year earlier on sales slightly higher at C$18.9m (US$16.9m).

Unfavourable markets for ferrochrome continued in the U.S. and this situation is expected to prevail through most of this year. Inventories are being adjusted in line with reduced volume in Canada.

However, demand for ferro-silicon and ferromanganese and adhesive products is now showing signs of strengthening.

Shell Canada coal mine

BY ROBERT GIBBENS

MONTREAL, June 1.

SHELL Canada will develop a new coal mine in south-eastern British Columbia for about C$100m when sales contracts are completed, according to Mr. C. William Daniels, the company president.

Reserves are of good quality and logistically well placed to serve the coal markets the company has in mind, he said. The property is owned by Crows Nest Industries, acquired by Shell Canada for about C$65m earlier this year.

"Through Crows Nest, we have now established a strong position in metallurgical coal," he said, adding that Shell's thermal coal resources are primarily located in Alberta.

Total capital and exploration spending this year will hit a peak C$400m, against C$380m last year. The investment programme, plus slow gas markets and depressed refined products margins, will mean Shell Canada's earnings will be little changed in 1978 from last year's C$154m (US$136.6m), or C$1.54 a share.

Meanwhile, AP-DJ reports from Wichita Falls: Moran Bros. has completed the previously announced sale of a 70 per cent. interest in its operations in the Norwegian sector of the North Sea to Norcem A-S, the Norwegian concern.

New link in Germany for AP-DJ

By John Wyles

NEW YORK, June 1.

THE AP-DOW JONES economic and financial news agency has signed a five-year exclusive distribution agreement with West Germany's economic news agency Vereinigte Wirtschaftsdienste Gmbh (VWD).

Following an initial approach from AP-Dow Jones, the West German economic news agency will takeover responsibilities for marketing and operating the American company's news services in West Germany from January 1 next year.

As a result, VWD says, the current news exchange agreement it has with Reuters will be terminated from the end of the year.

Mr. William Clabby, general manager of Dow Jones News Services said here today that the arrangement is similar to other distribution agreements AP-Dow Jones has with news agencies in Japan and Italy. AP-Dow Jones would maintain its five man editorial team in West Germany but the agreement with VWD would allow for the expansion of news coverage on a joint basis where it could be advantageous.

"This is going to be very lucrative and profitable for us," he added.

CBS-Fawcett purchase row

NEW YORK, June 1.

COLUMBIA Broadcasting System, in response to a Department of Justice announcement regarding its acquisition of Fawcett Publications, said that while the radio and television concern has not yet seen the complaint, "we understand that its thrust is directed toward potential effects of the Fawcett acquisition on the mass-market paperback book field. The acquisition does not violate the specific merger guidelines laid down by the Justice Department and we believe it complies fully with the anti-trust laws."

CBS adds that it "fully informed the Justice Department of its intention to acquire Fawcett several months in advance, co-operated fully with all Justice Department inquiries" and "the Justice Department indicated that it would not seek to block the acquisition "which took place in January last year.

CBS intends to "defend itself" against what it terms an "unjustified action," on the part of the Justice Department.

AP-DJ

THE INSURANCE INDUSTRY

Profits upset customers

BY DAVID LASCELLES IN NEW YORK

ALTHOUGH THE recent announcement of moves in New York to set up a local equivalent of Lloyds of London gave the impression that the insurance industry is straining for more of the action; the U.S. insurance business as a whole is in fact passing through one of its periodic highs. Premiums are going up, underwriting losses are rising more slowly, so profits are going up too.

According to the Insurance Information Institute in New York, which collates returns from 90 per cent. of the property and liability insurance industry, earned premiums were up 15 per cent. to just over $15bn in the first quarter of 1978 compared to the same period last year. Losses, by contrast, were only up 11 per cent. Allowing for other transactions, the companies covered turned last year's net underwriting loss of $318m. into a gain of $136m.

Although figures are not collated in the same way for life and health insurance, this side of the business is also on an upward path. Judging by the quarterly reports so far announced.

Analysts of the insurance industry point to many reasons for this upturn which consolidates the improvement which began about 12 months ago after nearly three years of heavy losses. The most important is the increase in premiums sanctioned last year.

U.S. insurance laws vary from state to state. But they all give the state authorities strict powers over the levels at which premiums are set. In some states—New Jersey for instance—the State Insurance Commissioner must approve all new premiums before they are introduced. In others, the Commissioner has the power to challenge them after they have come out. Some states, including New York, operate a mixed system.

During the earlier bout of inflation in the U.S. around 1974, the states used these powers to freeze premiums since they had few other means at their command which could exert such a direct influence on the cost of living.

They had strong political backing over this since public resentment had grown up against the size of insurance company profits in 1972-73, the last time the industry was going through a boom.

But this move by the states turned out to be one side of the pincer squeezing insurance companies. The other was the fast-rising cost of settling claims, notably auto and building repairs, and health insurance.

Times got tough, and several insurance companies were hard pressed to survive, a conspicuous near-casualty being Government Employees Insurance Company (GEICO), the country's 30th largest property casualty insurer.

In 1976, however, the states were finally prevailed upon to relax their hold on premiums, and they permitted increases in line with the enormous costs with which the insurance industry was grappling.

The change was swift. In mid-1976, underwriting results and loss ratios took a sharp turn for the better, and the Insurance Information Institute's figures show the industry back in a profitable position from the middle of last year, for the first time in exactly three years.

The recovery was welcomed in the industry, not least because it was broad-based. All major lines began to make profits, notably auto insurance which represents by far the largest single slice of business in the U.S.

In 1977 property-casualty insurance reported record profits of just over $1bn, with life insurance (helped by what is described in the industry as "favourable mortality") also turning in record earnings.

Despite this spectacular turnaround, the insurance industry as a whole can hardly be described as facing the future with glee. For one thing, their experience in the not-too-distant past is a warning that once insurance company profits start soaring, the public gets indignant, and the State Insurance Commissioners crack down on premiums again.

The signs are that this process has already started. According to some estimates, property-casualty insurance rates generally have risen by 50 per cent since 1975, and car insurance rates by 60 per cent over the same period. And the industry as a whole wants to raise them by a further 6 per cent this year with 7 per cent for cars.

In recent months there have been widespread demonstrations against insurance premiums. And since inflation has begun to rise again, a repeat of the freeze of 1974 seems inevitable.

Grounds for this conclusion were strengthened earlier this week when Mr. Robert Strauss, President Carter's Inflation Counsellor, said he hoped for co-operation from the insurance industry in holding down premiums. "One or two major insurance companies" had agreed to co-operate, he indicated.

The industry's main hope is that this time round, the authorities will recognise that insurance companies themselves have to fight with rising prices that reach them through inflated claims. Car insurers, for instance, point out that while they want an increase of 7 per cent in premiums, the cost of car repairs and hospital treatment are rising at an annual rate of 8 and 9 per cent respectively.

Although the insurance industry must have benefited from the recent sharp, though short-lived rally on Wall Street, the general conclusion is that its profits this year are bound to turn out below last year's, though not sharply so, because business is still increasing. But if the pattern of three years up, three years down, continues, underwriting results will peak this year and then head down to a new trough somewhere after 1981.

U.S. PROPERTY LIABILITY INSURANCE
UNDERWRITING RESULTS

	First quarter 1978	1977
Earned premiums	15,088	13,120
Incurred losses	9,523	8,542
Net underwriting gain (loss)	136	(319)
Policyholder dividends	315	148
Net investment gain	1,424	1,261
Net income	1,121	752
Policyholder surplus gain (loss)	142	(630)
Policyholder surplus	27,725	22,473

Note: Figures are for about 500 companies reporting to the California Insurance Department.

Source: Insurance Information Institute, New York

EUROBONDS

Tyco issue increased

BY FRANCIS GHILES

PRICES in the dollar sector of the market were steady yesterday in light trading as the market staged a technical recovery. The convertible issue for Tyco Laboratories was increased by $5m to $25m and priced at par to bear 8.5 per cent.

The $30m floater for Banque Worms, which had been priced at par, started trading at 99¾ but ended the day somewhat weaker at 98¾-99.

The only issue on offer in the dollar sector of the market is a $50m nine year placement for ECSC carrying a coupon of 8¾ per cent. which is being arranged by Banca Commerciale Italiana. Issue price is expected to be 99¾.

The market will be closely watching the performance of the National Westminster bonds, which are due to start trading today.

The preference many investors show for shorter term paper was illustrated by the shortening of the maturity of the $100m Yankee for Finland to five years from the initial seven. This also enabled the lead manager to offer better terms to Finland. The coupon was set at 8¾ per cent and the price at 99.40 to yield 9.09 per cent on an AIBD basis.

The Banque Nationale d'Algerie's Kuwaiti Dinar bond was priced at par after being increased by KD 1m to KD 8m by the lead manager, Kuwait Investment Company.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

DM BONDS	Bid	Offer
Asian Dev. Bank 5½pc 1988	96¼	97¼
BNDE 6½pc 1986	96½	97¼
Canada 4½pc 1983	97¾	98¼
Den Norske Id. Bk. 6pc '90	96½	99¼
Deutsche Bank 4½pc 1983	97¾	98¼
ECS 5½pc 1990	94¾	95¼
EIB 5½pc 1990	94¼	94¾
Elf Aquitaine 5¾pc 1988	[illegible]	95
Eurofima 5½pc 1987	[illegible]	98¾
Finland 5½pc 1986	[illegible]	98¾
Forsmarks 5½pc 1990	[illegible]	98
Mexico 6pc 1985	[illegible]	94¼
Norcem 5¾pc 1989	[illegible]	100¾
Norway 4½pc 1983	[illegible]	99¼
Norway 4½pc 1983	[illegible]	97¾
PK Banken 5¾pc 1988	[illegible]	95¾
Prov. Quebec 6pc 1990	[illegible]	97¾
Rautaruukki 5¾pc 1988	[illegible]	95¾
Spain 6pc 1988	[illegible]	95¾
Trondheim 5¾pc 1988	[illegible]	97¼
TVO Power Co. 6pc 1988	[illegible]	97¼
Venezuela 6pc 1988	[illegible]	95¼
World Bank 5½pc 1990	[illegible]	98

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	96½	97
AMEV 8pc 1987	95½	96½
Australia 8½pc 1992	92¾	93½
Australian M. & S. 9½pc '92	96½	97½
Barclays Bank 8½pc 1992	95½	96½
Bowater 9½pc 1992	97½	98
Can. N. Railway 8½pc 1986	95½	96½
Credit National 8½pc 1986	96½	97½
Denmark 8½pc 1984	98½	99
ECS 8pc 1993	95½	96½
ECS 8½pc 1997	94½	95
EIB 8½pc 1992	97½	98½
EMI 9½pc 1989	97½	98½
Ericsson 8½pc 1989	95½	96
Esso 8pc 1986 Nov.	100½	101
Gt. Lakes Paper 8½pc 1984	97½	98½
Hammersley 9½pc 1992	99½	100
Hydro Quebec 9pc 1992	95	95½
ICI 8½pc 1987	96½	97
ISE Canada 9½pc 1986	103½	104½
Macmillan Bloedel 9pc 1992	94½	95
Massey Ferguson 9½pc '91	97	98
Michelin 9½pc 1988	101½	102
Midland Int. Fin. 8½pc '92	95½	96
National Coal Bd. 8pc 1987	93½	94½
National Wstmnstr. 9pc '86	99½	100
Newfoundland 9pc 1989	98	98½
Nordic Inv. Bk. 8½pc 1988	98	98½
Norges Kom. Bk. 8½pc 1992	96	96½
Norpipe 8½pc 1989	96	96½
Norsk Hydro 8½pc 1992	95½	96½
Oslo 9pc 1988	98	98½
Ports Autonomes 9pc 1991	98	98½
Prov. Quebec 9pc 1995	93½	94½
Prov. Saskatchwn. 8½pc '86	97½	98½
Reed International 9pc 1987	93	95
RHM 9pc 1992	92½	93½
Selection Trust 8½pc 1989	90	91
Skand. Enskilda 9pc 1991	97½	98
SKF 8pc 1987	91	93½
Sweden (K'dom) 8½pc 1987	94½	95
United Biscuits 9pc 1989	97½	98½
Volvo 8pc 1987 March	93½	93½

NOTES	Bid	Offer
Australia 7½pc 1984	94	94½
Bell Canada 7½pc 1987	94½	95½
Br. Columbia Hyd. 7½pc '85	92½	93½
Can. Pac. 8½pc 1984	97½	98
Dow Chemical 8pc 1986	97½	98½
ECS 7½pc 1982	95½	96
ECS 8½pc 1989	94½	95
EEC 7½pc 1982	95½	96
EEC 7½pc 1984	94½	95
Enso Gutzeit 8½pc 1984	96½	97
Gotaverken 7½pc 1982	98	98½
Kockums 8pc 1982	97	97½
Michelin 8½pc 1983	99	99½
Montreal Urban 8½pc 1981	99½	[illegible]
New Brunswick 8pc 1984	95	[illegible]
New Bruns. Prov. 8½pc '83	99½	[illegible]
New Zealand 8½pc 1986	98	[illegible]
Nordic Inv. Bk. 7½pc 1984	91½	[illegible]
Norsk Hydro 7½pc 1982	98	[illegible]
Norway 7½pc 1982	94½	[illegible]
Ontario Hydro 8pc 1987	93½	[illegible]
Singer 8½pc 1982	99½	[illegible]
S. of Scot. Elec. 8½pc 1981	99½	[illegible]
Sweden (K'dom) 7½pc 1982	93½	[illegible]
Swedish State Co. 7½pc '82	96	[illegible]
Telmex 9½pc 1984	98½	[illegible]
Tenneco 7½pc 1987 May	92½	[illegible]
Volkswagen 7½pc 1987	93½	[illegible]

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc '90	87½	[illegible]
Citicorp 10pc 1993	89½	[illegible]
Courtaulds 9½pc 1989	87½	[illegible]
ECS 9½pc 1989	93½	[illegible]
EIB 9½pc 1988	93½	[illegible]
EIB 9½pc 1992	87½	[illegible]
Finance for Ind. 9½pc 1987	90½	[illegible]
Finance for Ind. 10pc 1989	90½	[illegible]
Fisons 10½pc 1987	93½	[illegible]
Gestetner 11pc 1988	91½	[illegible]
INA 10pc 1988	90	[illegible]
Rowntree 10½pc 1988	87½	[illegible]
Sears 10½pc 1988	89½	[illegible]
Total Oil 9½pc 1984	91	[illegible]

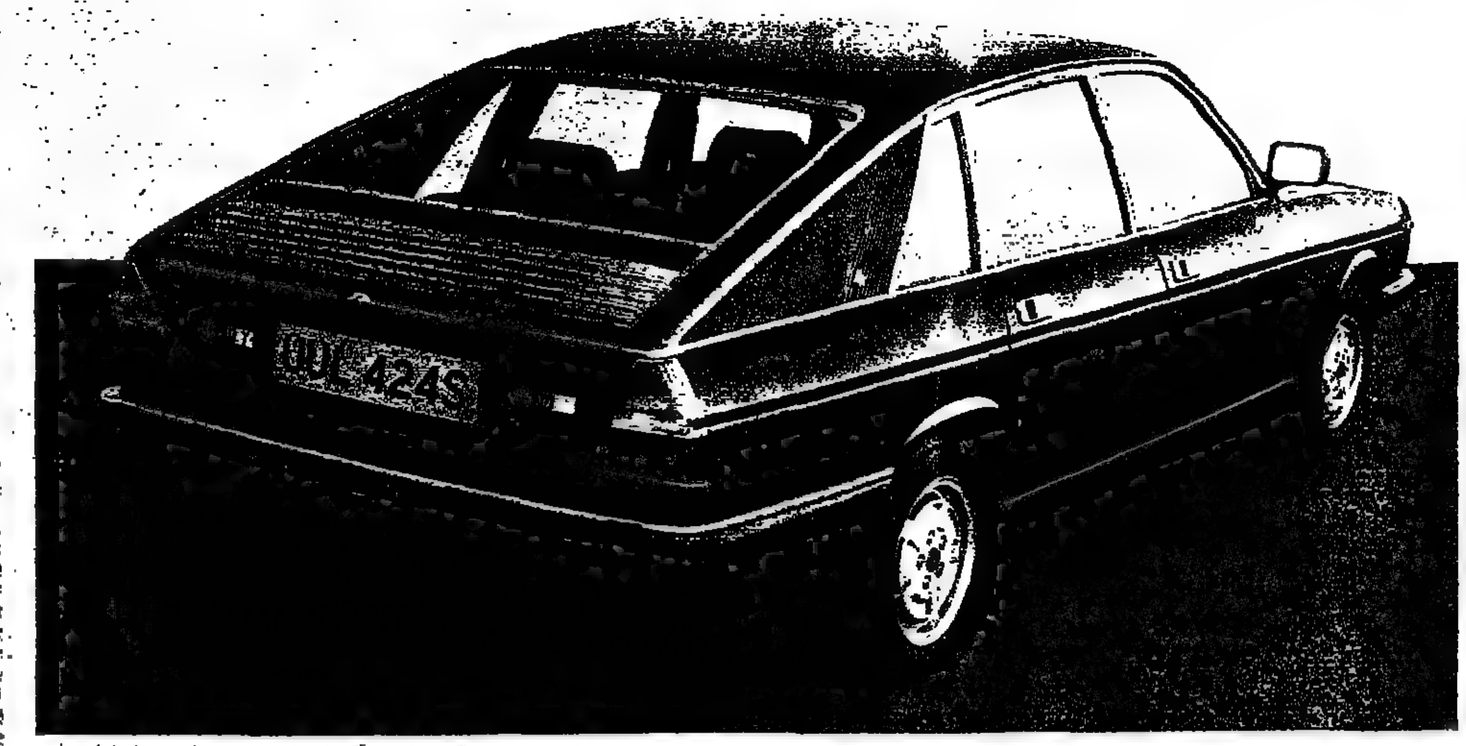
FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8½pc	99½	[illegible]
BFCE 1984 8½pc	99½	[illegible]
BNP 1983 8½pc	100½	[illegible]
CCF 1985 8½pc	99½	[illegible]
CGMF 1984 7½pc	99½	[illegible]
Creditanstalt 1984 8½pc	99½	[illegible]
Credit Lyonnais 1982 8pc	100	[illegible]
DG Bank 1982 7½pc	[illegible]	[illegible]
GZB 1981 8½pc	100½	[illegible]
Intl. Westminster 1984 8pc	99½	[illegible]
Lloyds 1983 7½pc	100½	[illegible]
LTCB 1983 8pc	99½	[illegible]
Midland 1982 8pc	100½	[illegible]
Midland 1987 8½pc	99½	[illegible]
OKB 1983 7½pc	99½	[illegible]
SNCF 1985 8½pc	99½	[illegible]
Std. and Chrtd. '84 7½pc	98½	[illegible]
Wms. and Glyn's '84 8½pc	99½	[illegible]

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	87	88½
Ashland 5pc 1988	93	94½
Babcock & Wilcox 6½pc '97	104½	105½
Beatrice Foods 4½pc 1992	97	98½
Beatrice Foods 4½pc 1992	105½	107½
Beecham 6½pc 1992	97½	98½
Borden 5pc 1992	101	102½
Broadway Hale 4½pc 1987	77	78½
Carnation 4pc 1987	76½	78
Chevron 5pc 1988	131	132½
Dart 4½pc 1987	90	91½
Eastman Kodak 4½pc 1988	84	85½
Economic Labs 4½pc 1987	77½	79
Firestone 5pc 1988	82½	84
Ford 5pc 1988	87½	89
General Electric 4½pc 1987	81½	83
Gillette 4½pc 1987	76	77½
Gould 5pc 1987	114	115½
Gulf and Western 5pc 1988	87	88½
Harris 5pc 1992	172	174
Honeywell 6pc 1986	88½	90
ICI 6½pc 1992	90½	91½
INA 6pc 1997	94½	96
Inchcape 6½pc 1992	113½	116
ITT 4½pc 1987	81	82½
Jusco 6pc 1992	111	113
Komatsu 7½pc 1990	125½	129
J. Ray McDermott 4½pc '87	179½	181½
Matsushita 6½pc 1990	164½	165½
Mitsui 7½pc 1990	120	122
J. P. Morgan 4½pc 1987	99½	101
Nabisco 5½pc 1988	101½	103
Owens Illinois 4½pc 1987	113	114½
J. C. Penney 4½pc 1987	77	79
Revlon 4½pc 1987	117	119
Reynolds Metals 5pc 1988	85½	87
Sandvik 6½pc 1988	107	109
Sperry Rand 4½pc 1987	81½	83
Squibb 4½pc 1987	80½	82
Texaco 4½pc 1988	79	81
Toshiba 6½pc 1992	123½	125
Ty Co. 8pc 1987	77	79
Union Carbide 4½pc 1982	94	95½
Warner Lambert 4½pc 1987	89	90½
Warner Lambert 4½pc 1988	77	78
Xerox 5pc 1988	78½	80

Source: Kidder, Peabody Securities.

THE NEW LANCIA GAMMA. YOURS COULD BE THE ONLY ONE YOU'LL SEE.



During the next twelve months, about 800 new Lancia Gamma Berlinas will appear on British roads.

The Gran Turismo version will be even rarer. Some 400 will be thinly spread over the length and breadth of the U.K.

This isn't we hasten to add, the result of some devilish plot to make this very desirable Italian car even more desirable by making it very difficult to obtain.

It's just that ever since the arrival of the new Lancia flagship was rumoured, the world and his wife have been queuing up to put their names down for one.

And in the face of this somewhat embarrassing demand, Lancia have had to impose the strictest rationing since the days of Sir Stafford Cripps.

But has this regrettably exclusive car been worth waiting for? Is the new Gamma as good as its svelte Italian looks?

If you like sheer speed, it certainly is. The new Lancia 2½ litre boxer engine provides you with a highly illegal maximum in excess of 120 mph. The five-speed gearbox enables you to reach more reasonable speeds in most unreasonable times.

If you like magnificent handling, the Gamma should please you. It has front wheel drive (like most Lancias since the legendary Lancia Fulvia), sensitive power steering and hefty power braking. So although it's big and spacious and comfortable, it drives like a car half its size.

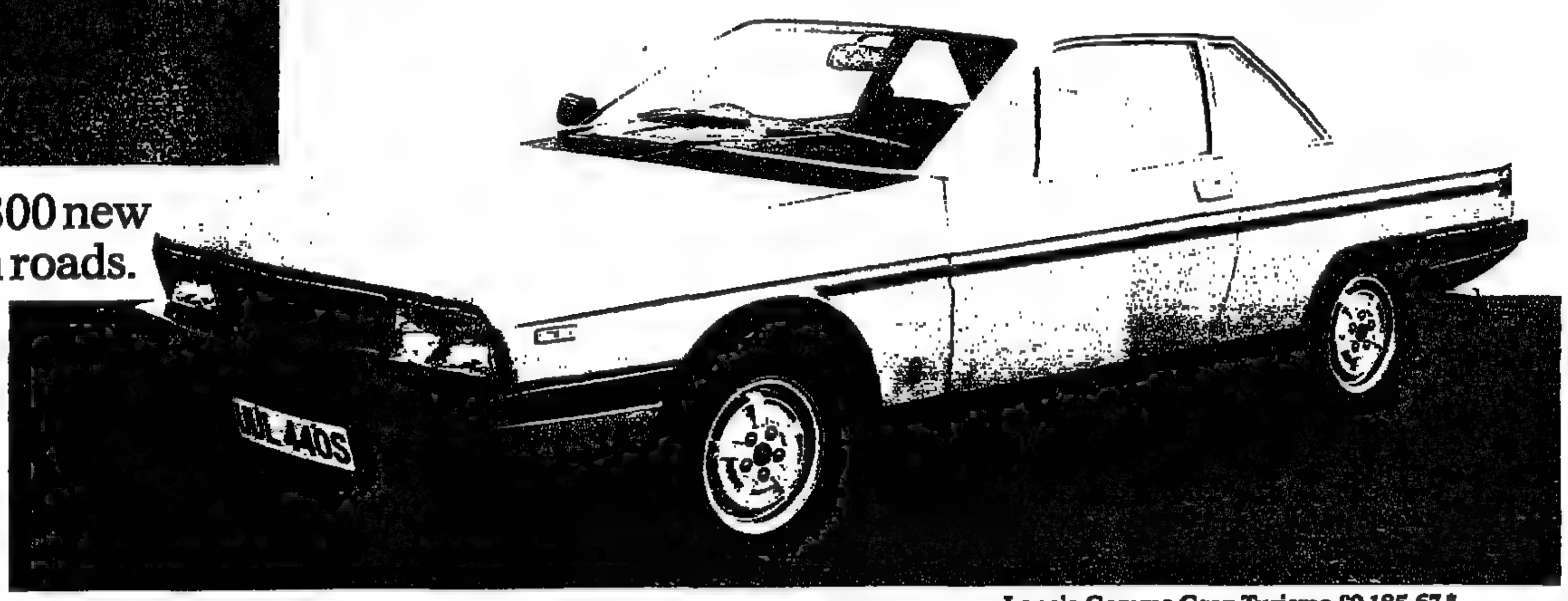
If you like luxury, the Gamma has it to spare. With thickly padded cloth covered seats, of which the driver's is adjustable to give you the perfect driving position. An adjustable steering column. And carpets you'd be happy to lay in your own home.

It also has a quilted roof. Adjustable head rests. A remote controlled, electrically adjustable overtaking mirror to keep your hands dry. And electric windows on all doors to impress policemen, hotel porters and petrol pump attendants.

So if you'd like a car that is unlikely to appear in your neighbour's drive a week after you've bought your own, then you are now looking at it.

Of course, if you want to be the first of the few, you'll have to move fast.

But that's probably your style anyway.



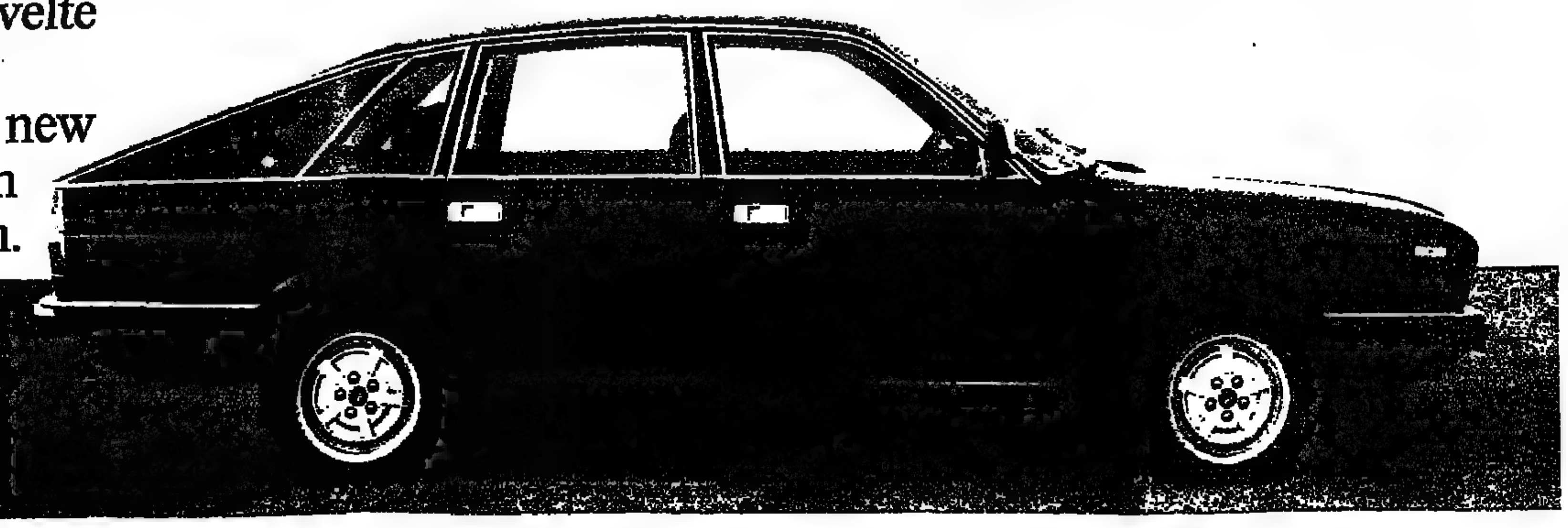
Lancia Gamma Gran Turismo £9,185·67.*

Lancia Gamma Berlina £7,135·83.*

LANCIA

The most Italian car.

Lancia (England) Limited, Alperton, Middlesex. Telephone: 01-998 5355 (24-hour sales enquiry service).



*Prices include VAT at 8% and car tax, inertia reel seat belts and delivery charges (UK mainland), but exclude number plates. Personal Export: If you are eligible to purchase a Lancia free of taxes, contact our Export Department.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

HONDA MOTOR

Record year as exports soar 40%

BY DOUGLAS RAMSEY TOKYO, June 1.

HONDA MOTOR, Japan's fast-growing car maker, announced today a 13.9 per cent increase in consolidated net income for the year to February 28, to Y27.49bn, a new record, and a 35 per cent rise in dollar terms, to $115m. But almost simultaneously, the company said tonight that it is recalling some 458,000 Civic and Accord passenger cars (over 55 per cent in the U.S.) to replace a gasket part which, while "not defective" according to Honda, could result in gradual loss of engine power.

Honda's performance, however, largely outweighed the adverse publicity caused by the company's first major recall. Its success in 1977 was achieved despite a slight reduction in domestic car sales, from 246,000 to 242,000 cars. Honda offset this, however, by selling 40 per cent more cars abroad in 1977, and as a result, the foreign component of Honda's car business went from 55 per cent in 1976 to over 63 per cent in 1977—a reflection of the internationalisation of Honda.

Consolidated net sales for the fiscal year rose 15.9 per cent to Y985bn ($4.1bn). Of this, Honda's overseas earnings accounted for 66 per cent of the total, up from 64.3 per cent in 1976. In unit terms, Honda sold 2.4m motorcycles (up 14 per cent) and 661,000 cars in the year.

The net income of Y27.5bn was a substantial improvement from Honda's previous record performance of Y24.1bn in 1976. After adjusting for the 10 per cent free share distribution made on March 1, 1977, net income per European or American share (each representing 10 shares of common stock) amounted to Y476 (up 6.5 per cent), or to $1.99.

In U.S. dollar terms, Honda's performance is especially striking. In 1976, net income was $85m at the exchange rate prevailing at the end of term. The equivalent figure for 1977 of $115m thus represents a massive 35 per cent rise in net earnings, as a result of the upvaluation of the Japanese currency.

The results are based on figures from Honda's 67 consolidated subsidiaries. Honda also counts a further 28 non-consolidated subsidiaries and 37 affiliate companies. Only equity in income of non-consolidated subsidiaries and affiliates is covered by the company's consolidated balance sheet.

Pharmaceutical makers advance

BY YOKO SHIBATA TOKYO, June 1.

JAPAN'S top seven pharmaceutical manufacturers have put in profit performances far ahead of their original targets for the year ended last March, largely as a result of brisk sales of new medicines such as cephalosporin-allied antibiotic.

They had expected the Government to cut drug prices with effect from December of last year, and set their sights low. However, the new pricing system by the Government became effective only from February 1 of this year, with accordingly less impact. Five of the seven—Takeda, Fujisawa, Shionogi, Sankyo and Eizai—posted record current profits for the year.

Shionogi reported sales up 4.7 per cent at Y112.7bn ($512m) [illegible] cent higher at Y6.2bn. Sales of Shionogi's antibiotics stayed around the previous year's level at Y30.7bn. However, the company improved profits via exchange gains on imports of raw materials (Y1.5bn) and financial income from bond operations. Shionogi is paying a Y1.25 special dividend to commemorate its centenary.

Japan's largest pharmaceutical producer, Takeda, showed the highest recurring profits among the seven at Y24.8bn. This was up a full 47.6 per cent, reflecting the rise in operating ratios thanks to brisk sales of its new synthetic penicillin. The company paid SMON compensation of Y336m, which was accounted for as a special loss in non-recurring items and also appropriated Y2.5bn for special reserve for future compensation. As a result net profits fell by 3 per cent to Y7.2bn ($32.3m) on sales of Y335.1bn ($1.5bn), up 10.4 per cent.

New products boosted Sankyo's and Eizai's profits. Sankyo's 45.5 per cent jump in recurring profits to Y4.8bn was attributed to brisk sales of its new cancer resistive "Krestin," which was marketed last June. Sankyo's net profits increased 35.9 per cent to Y2.5bn ($11.2m), on sales of Y112.8bn ($506m) for a gain of 25.6 per cent.

Steady sales of Eizai's highly profitable cardiac medicine marketed in 1974 provided an impetus for the company's record recurring profits. Eizai posted sales of Y70.3bn ($315m), up 15 per cent, and net profits of Y2.8bn ($12.6m), up 75 per cent. Daiichi Seiyaku improved recurring profits by 8.7 per cent, to Y6.2bn and net profits by 9.1 per cent to Y2.4 bn ($10.8m) on sales of Y54.8bn (up 8.9 per cent) on the strength of brisk exports of vitamins.

Banyu Pharmaceutical recorded a gain in current profits for the first time in three years, with a rise of 7.7 per cent to Y5.6bn, supported by sales of its new antibiotic which was introduced in May last year. Banyu's sales were Y45.2bn ($203m), up 6.6 per cent.

JAPANESE COMPANY RESULTS FOR YEAR TO MARCH 31

Company	Business	Net profit 1978 Ybn	Net profit 1977 Ybn	Sales 1978 Ybn	Sales 1977 Ybn
Kobe Steel	Steel	7.08	11.30	833.21	896.74
Nisshin Steel	Steel	5.63	3.78	284.09	299.52
Sumitomo Metal Mining	Non-ferrous metals	— 2.18	0.91	155.9	185.9
Sumitomo Metal Industries	Steel	5.38	4.41	974.60	1,060.00
Mitsui Mining & Smelting	Non-ferrous metals	— 4.59	1.74	188.24	204.42
Maruzen Oil	Oil production	0.31	5.13	977.36	990.49
Tokyo Electric Power	Electric power & gas	39.94	35.18	882.42	836.62
Mitsubishi Estate	Property	9.46	8.37	104.83	93.59

RESULTS FOR HALF-YEAR TO MARCH 31

Company	Business	Net profit 1978 Ybn	Net profit 1977 Ybn	Sales 1978 Ybn	Sales 1977 Ybn
Daiwa Bank	Banking	5.26	5.70	—	—
Fuji Bank	Banking	14.94	15.49	—	—
Mitsui Bank	Banking	8.38	7.85	—	—
Mitsubishi Bank	Banking	14.84	15.17	—	—
Sanwa Bank	Banking	13.35	13.43	—	—
Sumitomo Bank	Banking	14.04	8.13	—	—

ICB going public

By H. F. Lee

SINGAPORE, June 1.

THE Industrial and Commercial Bank (ICB), an established local bank in Singapore, will be making a public offer of 5m of its shares and seeking a listing on the Stock Exchange of Singapore.

The offer of the 5m S$1 par value shares will be made at S$2.70 per share.

The issue, which will raise S$13.5m (U.S.$5.8m) for ICB, will increase the group's existing issued capital of S$15m to S$20m.

ICB said that the purpose of the issue is "to provide the investing public an opportunity to participate in the equity of the bank and enable the bank to be listed on the stock exchange."

Group pre-tax profit for the year ended December 1977 was S$6.17m (U.S.$2.6m) compared with S$8.43m. in the previous year. At the after tax level, group profit was S$3.89m against S$4.59m. previously.

ICB said that current year profits "will be maintained at a satisfactory level." It expects to declare a gross dividend of not less than 7½ per cent. on the enlarged capital for the year ending December 1978.

Fuji Photo Film

Fuji Photo Film Company's net profit for the half-year ended March 31 fell by 21.7 per cent from Y 5.53bn ($25m), from Y7.06bn in the same period of the previous year, AP-DJ reports from Tokyo.

Sales during the half-year, however, rose 6.7 per cent to Y137.42bn ($610m) from Y128.84bn. Exports totalled Y34.70bn, up 4.1 per cent from Y33.34bn, with those to the U.S. amounting to Y11.4bn, down 5.7 per cent from Y12.1bn, and those to Europe up 11.8 per cent to Y11.85bn, from 11.8 per cent from Y10.6bn.

Australia plans to tax foreign branches

By James Forth

SYDNEY, June 1.

THE AUSTRALIAN Government intends to impose a branch profits tax on overseas companies operating in Australia. Legislation is expected to be introduced next week, but will not be passed before the winter recess of parliament to allow comment and representation to be made to the Government.

The branch profits tax arises out of controversy last year after Utah Development, Australia's most profitable company, remitted more in dividends to its U.S. parent for the first nine months of 1977 than it earned—and without paying any withholding tax.

Ford and Esso (a subsidiary of Exxon of the U.S.) came in for similar criticism. All are incorporated in the U.S., making them branch operations of a U.S. company and therefore not subject to withholding tax. If they had been incorporated in Australia, the dividends would be subject to this tax.

In the case of Utah, no withholding tax was payable by any companies when the local operation was established. It was incorporated in the U.S. because that was the only way advantage could be taken of U.S. depletion allowances under which a percentage of mining income or profit is non-taxable.

It is intended the tax will be on taxable income because of the difficulty of isolating remittances. It would not apply to other income of non-residents taxed under provisions of the tax law, such as film royalties, shipping profits and insurance premiums.

The Treasurer, Mr. John Howard, said the Government would give further consideration to representations that might be made about the detail and the mechanics of the tax.

Ceat to expand in spite of idle Indian tyre capacity

BY R. C. MURTHY BOMBAY, June 1.

CEAT TYRES of India has decided to go ahead with the expansion of automobile tyre production facilities despite falling profitability and substantial idle capacity in the tyre industry. Profits of Ceat Tyres declined to 1.79 per cent of sales in 1977 from the peak of 11.29 per cent in 1972. The 1977 profits were the lowest since 1970, when the company had to contend with the after-effects of a prolonged strike.

The installed capacity of the tyre industry now exceeds the demand, which has been sluggish partly because of heavy taxation on road transport and partly because of the improved efficiency of nationalised railways. New imposts on fuel, power and other raw materials levied in the March Budget have been absorbed by the railways, improving their competitive position. This has enabled them to wrest back business from road transport.

Against the tyre industry's capacity of 7.92m units per annum, production in 1977 was 5.94m—an increase of 6.39 per cent over the previous year's level. On current reckoning, it will take at least three years for the industry to reach full utilisation of its installed capacity.

Ceat Tyres, the market leader, however, sells all that it produces. The Rs 54m expansion programme is to be completed by end-1979. At current prices, sales in 1980 are expected to be Rs 1bn and will go a long way in improving its profitability.

The total income of the company in which Tata has a stake, rose by only 5 per cent to Rs 761.40m in 1977, but profits before tax dropped from Rs 20.09m in 1976 to Rs 13.47m in 1977. After-tax profits amounted to Rs 13 per equity share in 1977 as compared with Rs 59 in 1972 and Rs 24 in 1976. The company exported Rs 47.50m worth of tyres in 1977 to meet the export obligation laid down by the Government. The export prices realised were uneconomic against competition from multinational tyre manufacturers.

Ceat Tyres raised the prices of rayon tyres by 10 per cent and of nylon tyres by 2.5 per cent. Since other tyre manufacturers followed suit, the Government has proposed to take action under the Monopolies and Restrictive Trade Practices Act.

The introduction of radial tyres on the Indian market is under consideration by the company. If road tests prove satisfactory, Ceat will apply to the Government for a letter of intent, which will be converted into an industrial licence when the terms and conditions for obtaining know-how are settled.

Triad takeover of SPP delayed

BY ANTHONY ROWLEY HONG KONG, June 1.

THE EGYPTIAN Government's decision to cancel the Pyramids Oasis project at Giza, to have been carried out jointly with Southern Pacific Properties here, will delay takeover talks between SPP and Triad Holdings Corporation in Luxembourg.

Triad, whose Saudi entrepreneur chairman, Mr. Adnam Khashoggi, is a non-executive director of SPP, is the largest shareholder in SPP and is negotiating to buy the remaining shares. SPP's shares have been suspended here since May 17 pending the outcome of the takeover negotiations.

Mr. Peter Munk, chairman of SPP, confirmed here before his departure for London and Cairo, that the cancellation of the Giza project would inevitably delay the takeover by Triad. Mr. Munk said at SPP's annual general meeting here on May 31 that Cairo's action had come as a complete surprise and effectively stopped his company's current operation in Egypt.

SPP was to have carried out the Egyptian development through its 65 per cent-owned Middle East subsidiary, SPP (Middle East), which in turn held 60 per cent of Egyptian Tourist Development Company. The Egyptian General Organisation for Tourism and Hotels holds the remaining 40 per cent.

The Egyptian President, Anwar Sadat, personally called off the HK$2.3bn (US$495m) Pyramids Oasis project, close to the Giza Pyramids, following opposition to the development by conservationists and others.

The proposed tourist development included five hotels providing 1800 rooms in all and a golf course, among other amenities.

Mr. Munk said at the SPP meeting he had no idea how much money had been invested in planning and infrastructure for the Giza Development. SPP had guaranteed loans to SPP (Middle East).

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Demag expects 15% rise in orders in current year

BY ADRIAN DICKS

BONN, June 1.

DEMAG, the West German machine tool, process plant and mechanical engineering group controlled by Mannesmann, today announced that orders for the first five months of 1978 were about 5 per cent lower at DM 870m ($435m).

But Herr Otto Blank, the chairman, stressed that the figure reflected only contracts that had been fully completed, and said that if those still under negotiation but already agreed in principle were to be included, the total could be increased by at least DM 200m.

For the year as a whole, said Herr Blank, the company is expecting an increase in orders of 10-15 per cent, with particular emphasis on those from oil-producing countries and from the socialist bloc. In addition—as Mannesmann itself has already reported—Demag is expecting a continued brisk demand for its "off-the-shelf" product lines.

Last year, improved operating results in this area, coupled with other factors, helped Demag to raise its profitability appreciably. Aftertax profits were up from DM 11m to DM 28m ($13m) on a turnover that rose from DM 2.1bn to DM 2.3bn ($1.1bn) a development that represented an increase in the rate of return from 0.5 per cent to 1.2 per cent.

Of this sum, said Herr Blank, DM 24m was being paid to the parent. Demag is to change its name to Mannesmann-Demag on January 1.

Saint Gobain forecast

BY OUR FINANCIAL STAFF

ANOTHER disappointing performance for the home operations was forecast yesterday by Saint Gobain Pont a Mousson, the largest private industrial entity in France.

Speaking at the annual meeting in Paris, M. Roger Martin, chairman, said he expected the French companies to trade disappointingly in 1978 but that the overseas operations—which last year accounted for just over half of total sales—would produce another satisfactory performance. Specific mention was made of the U.S., Germany, Spain and Brazil.

M. Martin would make no precise reference to profits at the glass and packaging group. He was able to confirm, however, that sales in 1978 would rise by around 10 per cent to FFr 35bn, or $770m.

Last year net income rose to FFr 642m from FFr 471m. This increase of more than a third represented a partial recovery for the group: in 1974 earnings topped FFr 700m. French companies accounted for just 6 per cent of profits last year whereas the U.S. and Germany contributed 20 per cent and 17 per cent respectively.

In 1977 the group increased its capital spending by almost a fifth to FFr 2.5bn. Shareholders at the meeting were told that investment in 1978 would probably rise at a faster rate.

* * *

PROFITS at Le Materiel Telephonique SA-LMT should grow at least as fast as sales this year, M. Jean-Pierre Bouyssonnie, chairman, told analysts in Paris, Reuter adds. Sales are expected to grow by between 12 and 13 per cent on a comparable basis. LMT made a net profit of FFr 83.37m ($18.2m) in 1977 against FFr 80.14m on net sales FFr 1.77bn.

Brown Boveri sales rise

BY JOHN WICKS

ZURICH, June 1.

SWISS-BASED engineering concern Brown Boveri expects higher group turnover and order inflow in 1978 than last year, based on end-1977 exchange rates. Group sales declined by 3 per cent in 1977 to SwFr 8.19bn ($4.39bn), while the value of new orders rose 8 per cent to SwFr 9.24bn.

Profit margins are very much under pressure, however, and the prospects for employment not wholly clear, company president Franz Luterbacher said. He therefore refrained from commenting on the possible development of cash-flow this year. In 1977, this improved by 6 per cent for the group as a whole to SwFr 645m.

Although Brown Boveri expects a rise in sales and orders this year, Herr Luterbacher told the annual meeting that group figures for the first four months had been at about the same levels as for the corresponding period of 1977.

Most of the foreseen "quite high" targets had been undershot as a result of continued weak demand and sharp competition. He indicated that possible seasonal shifts could change this later in the year.

* * *

DESPITE "substantial foreign-exchange losses," net turnover of the Swiss Franke Group rose by 4.5 per cent last year to SwFr 301.8m. Including licensed sales, the total group turnover showed an improvement of 1.2 per cent to SwFr 241.9m. A breakdown of group sales of Franke, one of the world's leading producers of chrome nickel steel goods, shows that two-thirds of the turnover was accounted for on non-Swiss markets.

The group, which since the start of this year has been headed by Franke Holding AG, booked group cash-flow equal to 9.9 per cent of sales in 1977.

Swedish steelmaker plans $1bn investment

By Our Financial Staff

PLANS for a substantial capital investment programme together with some major redundancies were yesterday unveiled by Svenska Staal AB, the semi-state-owned Swedish producer of commercial steel.

The company is to spend around SKr 5bn ($1.08bn) over the next ten years but at the same time could well reduce its workforce by 2,000 to 17,000. This amounts to a cutback of about an eighth, but the company gave no indication of the timespan over which the lay-offs would take place.

The company, which began operations last January, said it sees these measures as necessary to create a competitive and profitable enterprise.

SSAB includes the former iron-mining, transport and commercial steel production facilities of the private firms Graenges and Stora Kopparbergs Bergslag as well as the state-owned Norrbottens Jaernverk steel mill at Luleaa.

The company said it plans to close the Bloetberget and Haaksberg iron mines in central Sweden, shedding 800 jobs. A closure date has not yet been fixed.

The survival of mines at Dannemora, Risberg, Strassa and Graengesberg depends on ore sales within Sweden and abroad, though 400 jobs are scheduled to disappear at the latter mine.

SSAB said it proposes to reduce its Luleaa workforce by 450, while Kopparbergs' Domnarvet facilities will lose 500 but Graenges' Oxeloesund steel works will gain 100 jobs.

Burmeister acquisitions

COPENHAGEN, June 1.

THE Burmeister and Wain shipbuilding and industrial group yesterday announced the acquisition of two companies, Dannebrog Elektronik and Meyco Embellage, a packaging company. The combined sales of the two companies are some DKr 300m ($53m).

At the same time, Mr. Jan Bonde Nielsen, managing director and chief shareholder in the Burmeister group, announced that his family company has acquired De Danske Bomuldspinnerierne, a cotton spinning and textile company.

Dannebrog has lost money over the past couple of years, but has a large stock of orders in connection with component production for the American F16 jet aircraft. Meyco's net earnings in 1976-77 were DKr 34m. The purchase price of the two companies was not revealed, but reports here say it was between DKr 75m and DKr 100m.

The acquisitions continue the policy of diversification which has been pursued by Jan Bonde Nielsen since he took over the Burmeister group in 1974.

THE COURT RULING ON HERSTATT

A sigh of relief from the banking system

BY GUY HAWTIN IN FRANKFURT

BUNDESBANK OFFICIALS are not the only ones breathing easier following the German supreme court's exoneration, earlier this week, of the central bank's handling of the collapse of the Herstatt Bank. One of the key issues in the case—whether three German "universal" banks should have had advance knowledge of Herstatt's impending closure—had major implications for the role of German banks as a sort of financial safety net for German industry. German banks have often used their rather privileged position to mount discreetly assembled rescue operations for failing German companies.

When Herstatt, a small Cologne-based private bank, first got into trouble in mid-June, 1974, there was no reason to suspect that the affair would end with a number of its senior staff on trial, for fraud and the Bundesbank sued in the courts by Hill Samuel, the British merchant bankers, and Merck, Finck and Co., one of Frankfurt's leading private banks.

Herstatt was merely small fry, with assets of DM 2.075bn ($1.04bn) and 31 branches. Admittedly, it was ambitious. It had a Luxembourg subsidiary, a representative office in London and was heavily involved in the foreign exchange markets. But when it reported that it was heavily in debt as a result of soured foreign exchange transactions, there was no reason for the West German banking authorities to think that it was anything the system could not handle.

Four day's before the closure the Bundesbank drew three of West Germany's major bank's into talks to save the bank. Negotiations, however, broke down on June 26 with losses of over DM 1bn ($500m) and the admission that foreign exchange transactions which had prompted the closure "appeared incorrectly in the bank's books."

The closure took the banking community—with the exception of the banks that had been called into rescue talks—by complete surprise. Indeed, on the day it shut its doors, Herstatt had been doing business as usual in the foreign exchange markets and many of its trading partners were in the process of clearing large spot deals on its account. The Frankfurt subsidiary of Hill Samuel was one of them.

Hill Samuel had a $21.5m spot deal in the clearing process when Herstatt was officially closed. At first it seemed as though Hill Samuel would get its money back as the deal had not been completed at the time Herstatt officially closed. Then on July 15, 1974, less than a month after the collapse Hill Samuel announced that nothing would be forthcoming. "What we feel is that through the action of the Bundesbank we've been caught." Proceedings were instituted against the Bundesbank on October 12.

The Frankfurt civil court which heard the action found against the Bundesbank and awarded Hill Samuel damages of DM 10m plus interest and costs.

Not unnaturally, by the end of the original hearing a number of banks which had lost money as a result of similar dealings were following the Hill Samuel case with avid interest. If Hill Samuel won its suit the way was paved for a whole host of other actions.

The Frankfurt civil court severely castigated the Bundesbank for drawing the three major banks into an attempt to save Herstatt three days before its final collapse. This, it said, gave them an unfair advantage over their competitors when the closure finally came.

According to the civil court, the Bundesbank had failed in its "clear legal duty" to warn banks involved with Herstatt of its impending closure. The Bundesbank, it said, knew of the "unfortunate" timing of the withdrawal of Herstatt's licence by the Federal Banking Supervisory Agency and knew that no measures had been taken to protect other banks from this. The secrecy seemed intolerable because several hundred million Deutsche-marks were paid into Herstatt's accounts on that day, a large part being pre-payments on foreign exchange deals.

An American banker commented: "In an argument between the private sector and the system, the system always wins—and Hill Samuel should have known it."

The court rejected the Bundesbank's argument that it had only a technical function to supervise clearing operations. The central bank, it said, organised the clearing and took part in it under banking law as a legal participant. Therefore it had certain duties to fulfill.

By 2 p.m., at the latest, on July 26 the Bundesbank knew that the rescue talks had broken down and also knew then that Herstatt's losses could be as high as DM 620m. It also knew the type of deals that Herstatt had been undertaking. However, the Bundesbank only announced the closure of Herstatt at 3.30 p.m., and formally informed Herstatt three-quarters of an hour later.

At appeal, the higher regional court agreed with most of the lower court's findings. In what must be the severest condemnation of central bank officials ever recorded, it said: "The culpable negligence of the president of the Bundesbank and some Bundesbank directors has been held against the Bundesbank in the rejection of its appeal against the lower court judgment."

The argument of these courts that the Bundesbank had given unfair advantage to the three big banks involved in the abortive rescue talks had serious implications for the German way of providing cash infusions for ailing businesses. The banks are so central to the German corporate sector's finances that they often are obliged to put together rescue financing. In the process they inevitably must be put into a privileged position vis a vis other creditors. If a rescue plan succeeds nobody suffers: if it fails it can be argued that the banks have had unfair forwarning.

The courts, of course, decide on points of law rather than resolve philosophical questions of which course will yield the greater good. Therefore, it was particularly fortuitous for the German way of doing things that the situation was saved by the Federal Supreme Court's decision that all the debate in the lower and appeals courts about the timing of closure announcements was irrelevant.

The Federal Supreme Court took the view that the Bundesbank's duty was to ensure a smooth currency clearing system, but that it had no responsibility to undertake measures anticipating decisions to close down a bank.

There was no obligation on the Bundesbank to withdraw Herstatt from the foreign-exchange clearing operations on the day it closed. If the Bundesbank had removed Herstatt from the clearing system it would have protected some banks in the system but disadvantaged others. It would have also affected Herstatt customers who could still have counted on satisfaction from Herstatt.

If the German banks are now breathing more freely, feelings in the foreign banking community are mixed. If the supreme court's verdict had been predictable, so was the cynicism with which it was received. An American banker commented: "In an argument between the private sector and the system, the system always wins—and Hill Samuel should have known it."

For Hill Samuel the case is now closed. Defeat was bitter but the overall cost was not particularly high. Hill Samuel's net loss on the $21.5m transaction including legal fees and lost interest, amounted to $560,000 after tax relief. This was provided for in the bank's accounts before March 31 last year.

Dutch brokers urged to slim operations

BY CHARLES BATCHELOR

AMSTERDAM, June 1.

MEMBERS OF the Amsterdam Stock Exchange must streamline their activities in order to improve profitability, the Exchange Association said. Wages, which form the most important cost for member firms, are rising faster than turnover on the Exchange, it said in its 1977 annual report.

Improved profitability is needed to guarantee the continuity of member firms which depend solely or mainly on commissions on share transactions, it said. This can be achieved by streamlining members' research and information departments, and by standardising procedures for carrying out clients' orders. Average wages rose 7.5 per cent in 1977, compared with an increase of less than 5 per cent in stock exchange turnover.

The number of member firms fell by three to 167 at the end of last year, while the number of individual members was 10 lower at 300. This decline was solely due to a fall in the number of broking firms.

Government, local authority, banks and insurance companies continued to dominate the new issue market. These funds were for the most part passed on to businesses which were unable to make a direct call on the stock exchange either because they were too small or because their balance sheet or profitability excluded them.

Figures from the Central Statistics Office show a 42 per cent rise in new public issues to Fls 7.08bn ($3.15bn) from Fls 4.97bn. Mortgage and commercial banks also placed a large amount of mortgage and savings bonds. Investors took up Fls 2.8bn ($1.24bn) in 1977 compared with Fls 1.3bn the year before.

Demand for fixed interest securities in preference to shares continues. The effective turnover of these two forms of paper was around Fls 18bn each in 1977, compared with Fls 12bn of shares and Fls 3bn of bonds in 1969.

* * *

CHEMICALS AND pharmaceuticals group, Beiersdorf AG reports a decline in net profit to DM 30.8m for 1977 from DM 39.3m. despite an 11 per cent increase in world sales, the management board told the annual Press conference. The primary causes for the lower profits were labour and material costs.

The supervisory board had previously announced that it would recommend a 1977 dividend of DM 6.50 per share

AP—Dow Jones.

Spain rules out loan

BY FRANCIS GHILES

SPANISH borrowers continue to be active in the medium-term market, but the possibility of a large loan for the Kingdom is, for the time being, ruled out. Those in the Ministry of Finance in Madrid who have been arguing all along that the current level of Spain's foreign reserves is sufficient seem to have won the day. The figure for reserves, which stood at $7bn at the end of last March, is expected to increase following the summer, when over 30m tourists are expected to visit the country.

The state telephone company, Telefónica, is raising $50m for eight years on a spread of ¾ per cent throughout, a marked improvement in terms on their latest loan raised only a few weeks ago which boasted a spread of ⅞ per cent for seven years. There is no guarantee for the new loan, which is being arranged by Manufacturers Hanover Ltd.

Meanwhile, Empresa Nacional Hidrelectrica del Riba Gorzana is raising $30m for eight years on a split spread of 1 per cent for the first three years rising to 1⅛ per cent, through a group of banks led by Chemical Bank.

Argentina is raising $100m. for 10 years for Comision Tecnica Mixta de Salto Grande, which is a joint Uruguay-Argentina project. The loan, which carries a sovereign guarantee, carries a split spread of 1 per cent for the first five years rising to 1⅛ per cent.

Hamersley Holdings, of Australia, is understood to be raising $150m, but final terms are not yet known.

The Property Market

A new development phase

THE international cycle of property activity now seems to be moving steadily into a new development phase. At the recent international property conference organised by Jones Lang Wootton, and in a major report on the world's property markets published this week by Richard Ellis, two features are common to most of the established markets: a gradual absorption of the over-supply of speculative property developments started in *the early 1970s, and a sharp* recovery in property investment values as an ever-growing volume of institutional money chases a dwindling supply of suitable properties.

Both features combine to lay the foundations for another wave of development activity, though it seems probable that it will be a significantly less powerful wave than five years ago because of the still fragile state of the world economy.

Institutions

The Richard Ellis report illustrates the impact of increased institutional buying pressure on prime office yields throughout Europe. *In* Britain, although higher interest rates might logically have been expected to kill the market for a time—and funds are now standing back *from smaller deals—there is* growing evidence of the price insensitivity of really prime investment properties.

The agents question the wisdom of some low yield purchases in the past 12 months. But they see sufficient potential rent growth in retail space, City, but not generally provincial offices, and in well located warehouse schemes to justify historically low 6½ per cent buying yields *for industrials, and 4½ per cent* for prime shops and central area offices.

Buying yields in Britain remain the lowest in any of the developed property markets of *the world.* But *the picture of* increased investment and letting interest, and of little development activity, is common to most of the rest of Europe.

The lead in commercial property investment on the continent has been taken by the asset hungry Dutch institutions. The Dutch funds now buy local residential property on yields down to 4 per cent or less, central offices and shops down to 6 per cent and prime industrial space for between 7½ and 8 per cent. But the shortage of institutional grade investments forces the funds overseas and they have been active buyers of office properties in France *on prime yields* of around 8 per cent and are now running into increased *competition from local French* investors who have turned from their traditional residential holdings—selling down to between 5 and 8 per cent—to commercial buildings.

Dutch buying is also evident in West Germany and Belgium, where comparative prime office yields are now 5½ to 6½ per cent and 7½ per cent respectively. There is a continuing over-supply of office space in Brussels and other Belgium centres—Ellis estimates a total of 4.4m sq ft of empty post 1965 buildings in Brussels with an annual take-up rate of 2.15m sq ft a year—but as the letting market moves back into balance a five year fall in the real value of office investments is beginning to stabilise.

Further afield Ellis echoes JLW's enthusiasm for the North American market. But the firm *does leave a question mark over* the longer term health of the Canadian economy. In the U.S. the tax benefits of property investment, the increased weight of property development controls, and the growing interest in equity holdings of real estate by local institutions add to the basic appeal of holdings in an economy of such basic strength.

Buying pressure in the U.S. has pushed initial yields on prime offices and retail centres into the 6 to 7 per cent range, and industrial property to *between 7 and 8½ per cent.*

Australia

Even the long troubled commercial property market in Australia now seems to be on the turn. The oversupply of offices in Brisbane, Melbourne, Perth and Sydney is at last filling up. And in Adelaide all the modern air-conditioned space has now been taken up. Ellis expects a very sharp rise in office rents over the next few years and a new development *phase in two to three years to* meet the eventual accommodation shortage. With an end to the *over-supply in sight, and in*creased property investment by local pension funds and life offices, prime *office* investment yields run as low as 7½ per cent in the central areas and 8½ per cent in the suburbs. Central area shops sell down to 8 per cent and the increasingly popular suburban shopping centres change hands for between 9½ and 11½ per cent.

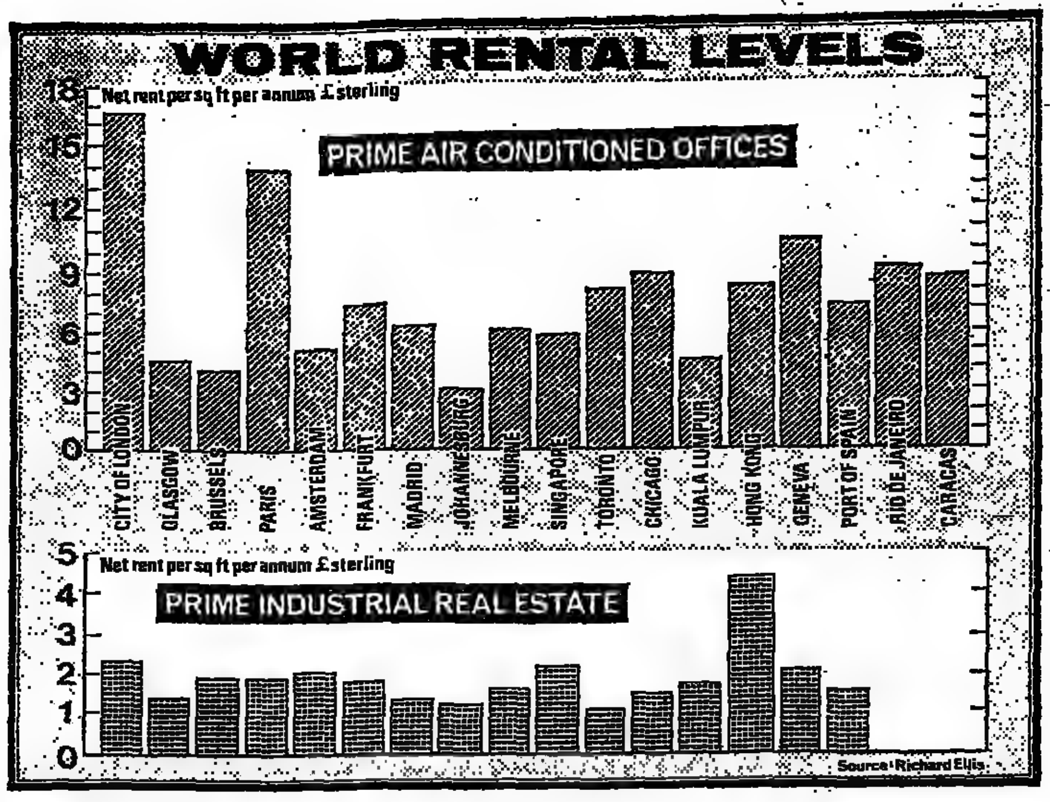
In the Far East the shortage of development land in Hong Kong has, as the chart shows, pushed *industrial* rents to the highest in the world. And the insatiable demand for modern *accommodation in every sector,* from residential to retail, has already fuelled a renewed development boom.

Most new buildings tend to be owner occupied or developed for *investment by Hong Kong based* international trading groups. But local life offices have begun to build up investment portfolios, and even the Red Chinese Government is understood to have been active in the market.

In Malaysia new office building in Kuala Lumpur appears to be laying the basis for an acute *over-supply problem* before the end of the decade, and Government controls limit the scope for external investment in the industrial market, where rents remain *firm. Government controls also* restrict the scope for overseas investors industrial and residen*tial schemes in Singapore.* But foreign capital is generally welcomed, and Ellis feels that the *fast-growing* tourist trade will spark a period of new hotel building by the turn of the decade.

The scope for growth in the South East Asian property markets is matched by the long term potential of South America. Ellis reports modern office yields of 12 per cent in Rio de Janeiro and 13 per cent in Sao Paulo, where recent planning controls seem likely to prevent the haphazard new building that created a glut of space in the early 1970s.

High inflation in Brazil and hyper-inflation in Argentina are *not, however, particularly appealing,* and despite the economic potential of the mainland markets. *Ellis sees greater immediate* scope for the developing property market in the politically stable and, since the discovery of oil reserves, economically expanding islands of Trinidad and Tobago.



FIABCI

International property markets and the problems facing the industry around the world as it comes to grips with increased state intervention and pressure for cross border recognition of *professional standards,* will be under discussion at the 29th Congress of the Federation Internationale *des Professions* Immobiliers (FIABCI) which opens in Hamburg tomorrow. Sixteen-*hundred people* from 36 countries are to attend the congress, which is the largest annual *gathering of the property world.*

Critics of the Congress, and there are plenty within the FIABCI membership, have felt in the past that the annual meeting has been little more than a property junket. Previous congresses have been held in exotic venues with many of the audience made up of members' wives enjoying a tax free holiday.

Leading member countries, or national chapters as they are termed within the organisation, have been painfully aware of past Congresses' shortcomings, and at last year's meeting in Amsterdam the range and depth of congress discussions helped to weed out the holidaymakers from the active delegates.

Environment

At this year's Congress one of the main discussion papers will be given by the Canadian planner Dr. Stanley Hamilton, who is to deal with the thorny problem of "Our land—the question of alien ownership."

As the conference is being held in Germany local financial and business speakers are heavily represented. But, on the increasingly sensitive area of environmental protection, delegates will be addressed by Baroness Jackson of Lodworth, formerly Barbara Ward the President of the International Institute for Environment and Development in London.

A debate on the increasing degree of Government intervention in property markets is also on the agenda.

North American delegates are trying to force the congress to take a tougher line in fighting State intervention. Unlike Britain, North America is only now beginning to experience the effects of Government legislation designed to control the activities of the property industry. Delegates from Canada and the U.S. are saying that their respective Governments are limiting their activities with planning, environmental and rent controls.

FAIBCI will also be under *great pressure to take a long* hard look at its objectives which have changed little since the organisation was founded 29 years ago. The North Americans are calling for a restatement of those objectives and want to see FIABCI put more muscle into the promotion of its members' *cause.*

Standards

As an international body FIABCI cannot make direct representation to national governments, that is left to the individual national chapters. In Britain, for example, the national chapter is sponsored by the Royal Institution of Chartered Surveyors and any lobbying of Government here is done through the institution. However FIABCI can and does operate on an *international level* ensuring that representation is made at world organisations such *as the United Nations.*

Some members feel that in certain areas FIABCI has been *ineffectual* both as a pressure group and a promoter of the industry's views. The one major *exception to this has been* the work of former FIABCI president Pip Holmes who has spent the past year lobbying at the UN. But sections of the membership are critical of the work done by FIABCI at other international bodies where the organisation has been little heard.

The 115 strong British delegation is less concerned with state intervention than the North Americans, *and the delegates* will again be pressing for FIABCI directions on greater uniformity of professional standards throughout the world.

● Property Deals appears on Page 36

INDUSTRIAL AND BUSINESS PROPERTY

PROPERTY ADVERTISING ALSO APPEARS ON PAGE 11

K for Industry

CANTERBURY, Kent
Nursery Units shortly to be constructed
TO LET

E. LONDON
Single Storey Factory Units
5,000-25,000 sq. ft.
TO LET

ENDERBY
Warehouse under construction
24,000 sq. ft.
TO LET

ERDINGTON
Last remaining Unit 15,474 sq. ft.
Good yard and parking
IMMEDIATE OCCUPATION — TO LET

LONDON, S.E.8
Factory Lease for sale
4,500 sq. ft.
Nominal premium

PARK ROYAL, N.W.10
Two Storey Factory
9,600 sq. ft.
TO LET

SOUTHWARK, S.E.1
Modern Freehold Factory
22,300 sq. ft.
FOR SALE

SWINDON
Factory Premises
9,320 sq. ft.
FOR SALE

King & Co
Chartered Surveyors
1 Snow Hill, London, EC1
01-236 3000 Telex 885485
Manchester, Leeds and Brussels

01-930 9731

WEST END OFFICES

To let

Buckingham Street WC2	6,000 sq.ft.
Hill Street W1	whole building
High Holborn WC2	self-contained building
Pall Mall SW1	prestige building
Westminster SW1	750 sq.ft.

Furnished suites Central London

Clients' requirements

Covent Garden WC2	freehold
Central London	30,000 sq.ft.
West End	2,000/2,500 sq.ft.
Mayfair W1	1,300 sq.ft.

DRIVERS JONAS
18 PALL MALL, LONDON SW1Y 5NF

SUNBURY
(Junction I-M3)

SUPERB WAREHOUSE
160,000 sq.ft. approx.
on 7·25 acres
LEASE FOR SALE

Collier & Madge
5, St. Bride Street, London, EC4A 4DE
TEL: 01-353 9161

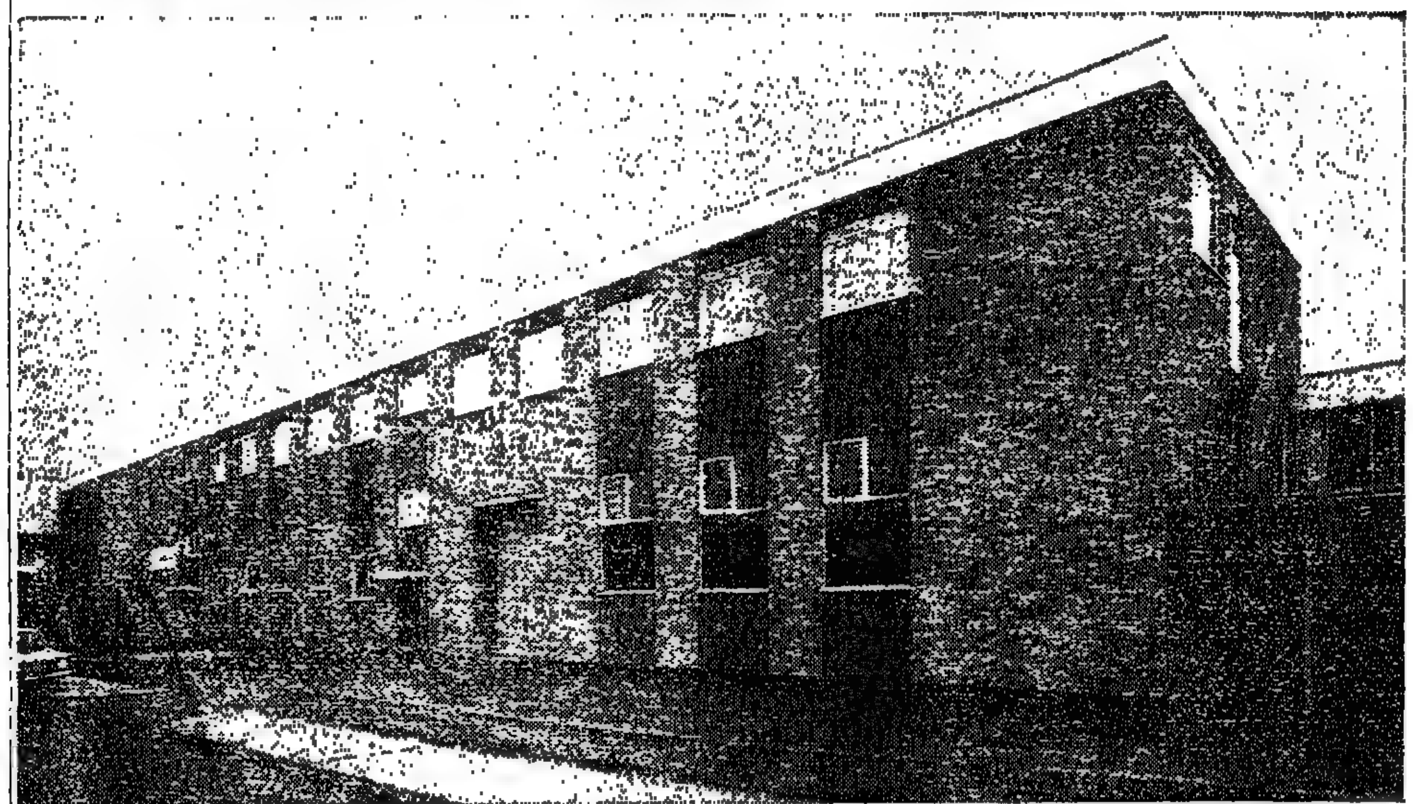
Central Hammersmith W6

Modern well fitted offices
8,670 sq.ft. to 17,340 sq.ft.
To Let with Early Occupation
At attractive rental terms
Private car parking.
Fitted lighting & carpeting.
Flexibility for internal partitioning.

Sole letting Agents:
103 Mount Street
London W1Y 6AS.
Tel: 01-493 6040.
Telex: 23858.
JONES LANG WOOTTON
Chartered Surveyors

HOUNSLOW

EXCELLENT MODERN HEADQUARTERS/ INDUSTRIAL WAREHOUSE PREMISES
17,250 SQ.FT. ENTIRE BUILDING
UNDER £1·25 PER SQ.FT.



Phillip J. Sinclair & Company
Radnor House, 93 Regent Street, London W1R 7TE. Telephone: 01-734 7181

DE & J LEVY
PROPERTY CONSULTANTS
01 930 1070
Estate House, 130 Jermyn Street, London SW1Y 4UL

40,000 SQ. FT. OFFICES IN MODERN BUILDING

LEASE FOR SALE

CROYDON AREA

Write Box T4888, Financial Times
10, Cannon Street, EC4P 4BY

WILLIAM HOUSE
26 King Street
London W.C.2.

A new development constructed behind original mid Victorian renaissance style elevation in the heart of fashionable Covent Garden with excellent communications to the City and West End.

Prestige Office Building

To Let
approx. 10,800 sq. ft.
with modern amenities

Joint Agents
Erdman
PEPPER ANGLISS & YARWOOD

CITY OF LONDON

Superb Air-conditioned offices 300,000 sq. ft. Can be phased. Principals or Surveyors with named clients only.

Write Box T4896, Financial Times, 10, Cannon Street, EC4P 4BY.

WOLVERHAMPTON
Planetary Industrial Estate

Remaining units 6,000–100,000 sq. ft. READY NOW

A superb situation between Wolverhampton (3 miles) and M6 Junction 10 (3 miles) and in the heart of the industrial West Midlands.

Joint Letting Agents:
Debenham Tewson & Chinnocks, Bancroft House, Paternoster Square, London EC4P 4ET. Tel: 01-236 1520
Fuller Horsey Sons & Cassell, 52 Bow Lane, London EC4M 9ET. Tel: 01-248 7954
HB Hurdley Bulley, 58 Chapel Ash, Wolverhampton. Tel: Wolverhampton 25768

---

on instructions from THE NATIONAL PHARMACEUTICAL ASSOCIATION

EXCELLENT HEADQUARTERS OFFICES

★ 2 Automatic Passenger Lifts	Boardroom ★
★ Full Central Heating	Entrance Vestibule ★
★ 44 Car Parking Spaces	Efficient Layout ★
★ Staff Restaurant	Excellent Natural Light ★

20,000 sq.ft. To Let

Mallinson House
Southgate, London N.14

G L Hearn & PARTNERS
44-48 Borough High Street
London Bridge, SE1 1XP
01-407 5321

GRAND UNION INDUSTRIAL ESTATE

Park Royal
London NW10

TO LET

New warehouse/factory units 8,000–100,000 sqft

a development by JT Development Ltd
Joint Sole Agents
DONALDSONS Tel: 01-930 1090
Hillier Parker May & Rowden Tel: 01-629 7666

HAYES, MIDDX.
MODERN WAREHOUSE
5,250 SQ. FT.
(incl. Offices — 7,750 sq. ft.)

SOUTHALL, MIDDX.

Warehouse	— 40,000 sq. ft.
Offices	— 15,000 sq. ft.
Yard	— 16,000 sq. ft.

TO LET or LEASES FOR SALE

FARR BEDFORD
41, The Broadway, W.5.
Telephone 01-579 9282

Modern Office Suites
Worthing, Sussex
500/5,000 sq. ft. approx.
IN NEW PRESTIGE BUILDING
* Car Parking * Automatic lift
* Fitted Carpets * Central Heating
* Wired for Telephones * Light fittings
Stiles Horton Ledger
2b Chapel Road Worthing BN11 1BJ
Tel: (0903) 37092/3

High Yielding-Long Leasehold Investment
PORTSMOUTH CENTRE HOTEL

Portsmouth's largest and most modern hotel.
120 bedrooms—54 bedroom extension in course of construction.
Fixed ground rent. Let to public company for whole term at current rental of £50,000 per annum, excl. subject to seven year rent reviews.

DE GROOT COLLIS
4 CLIFFORD STREET, LONDON W1X 2AL
01-734 1304

Trustee Sales

FREEHOLD REVERSIONARY INVESTMENT

'A'-class road near Reading Town Centre
Producing £5,300 p.a.x. to 1986
21,000 sq. ft. workshops & shop on 0.78 acre site

FUTURE DEVELOPMENT POTENTIAL

Offers invited by Joint Sole Agents:

Gibson Eley
16/18, Friar St., Reading
0734-583945. Telex: 847386

Wynstanley & Morton
34, Kings Road, Reading
RG1 3AL (0734) 52296.

A development by the Sohox Investments Group of Companies in conjunction with Guardian Royal Exchange Assurance Group.

New air conditioned offices

Approx 25,000 sq ft

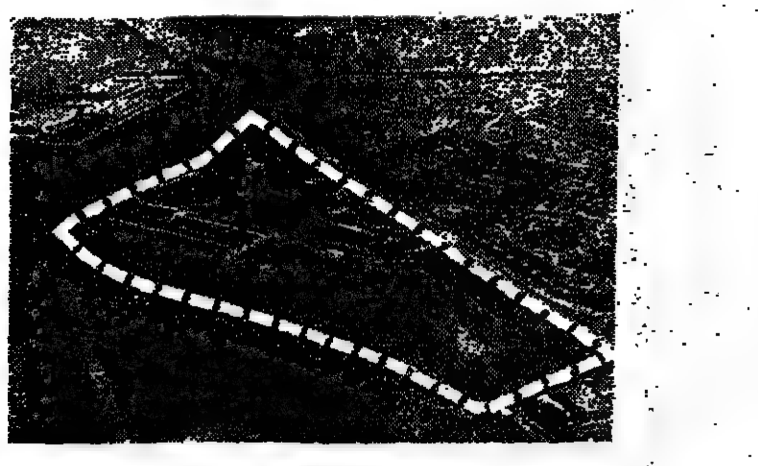
Triton House
Tabernacle Street, London EC2

Situated immediately north of Finsbury Square, a new development providing air conditioned offices on first, second and third floors with ground floor reception hall, basement storage and parking for eight cars.

Debenham Tewson & Chinnocks
Chartered Surveyors
Bancroft House Paternoster Square
London EC4P 4ET
01-236 1520 Telex 883749

Brussels Hamburg Bahrain Dubai Toronto New York Sydney

RENFREW, GLASGOW FACTORY COMPLEX
500,000 sq. ft.
ON A SITE OF 40 ACRES
FOR SALE



Immediate access to M.8 Motorway with direct link to the Central Scotland Motorway system and to the South — Glasgow Airport 3 miles — Site fully serviced — Includes 15 Acres of undeveloped land.

Enquiries may be made to either of the Joint Agents
Matthews, Goodman & Postlethwaite, Malvern House, 72 Upper Thames St., London EC4R 3UA. Tel: 01-248 3200
Also Liverpool and Paris
James Barr & Son Chartered Surveyors
213 St. Vincent Street, Glasgow G2 5QH. Tel: 041-248 3221

MATTHEWS GOODMAN AND POSTLETHWAITE
JAMES BARR & SON

PROPERTY DEALS

From tea to property

The outcome of the bid talks between English Property Corporation and an unnamed Continental institution remains the main focus of attention in the Stock Market at the moment. But at the other end of the scale considerable interest has been generated by events surrounding a former tea company which last year acquired a fifth stake in a property portfolio worth £26m at cost.

The company, *writes Christine Moir*, is Rosehaugh. It is just under 50 per cent owned by tax expert Godfrey Bradman whose main vehicle is the private London bank London Mercantile Corporation, which is itself a property developer with a 6.7-acre industrial site in Croydon.

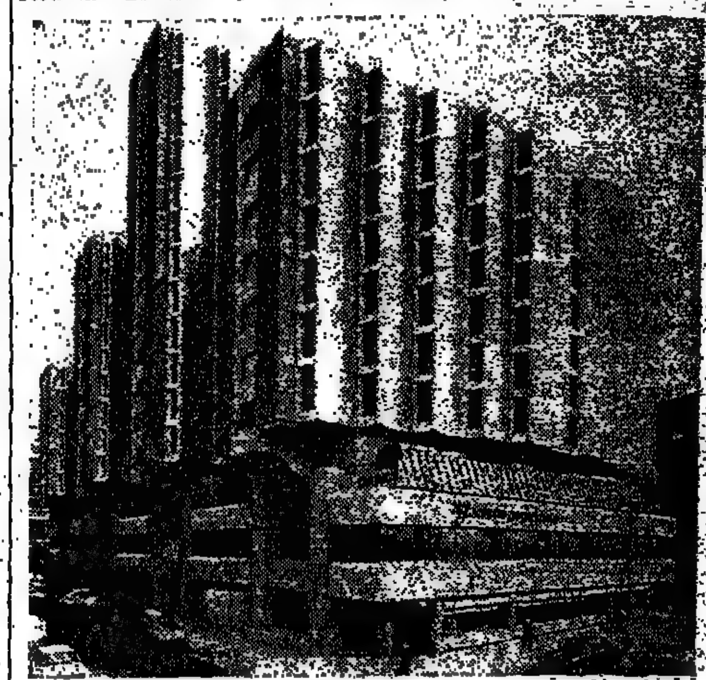
On Tuesday Rosehaugh asked for its shares to be suspended while it revalued its unquoted investments, a move which may take a month to complete.

According to the Board the revaluation is likely to affect the company's future, a statement generally thought to mean that it will become rather more openly a property company rather than an investment group with residual tea connections as at present.

Rosehaugh's character changed dramatically in mid 1977 when it became a partner in a consortium headed by Bernard Sunley Investment Trust—another target for bid rumours this week—which paid £15m for a portfolio of 1,200 flats plus shops and offices belonging to Legal and General. It then bought the 115,000 sq ft Maple House on Tottenham Court Road for £11.25m. Rosehaugh paid only £52,850 for a 20 per cent stake in the flat-owning company and a 28.3 per cent stake in the Maple House vehicle. Neither it, nor Sunley, which has matching holdings, have any liabilities for the deals which seem to have been funded by a bank loan. There is no institutional partner.

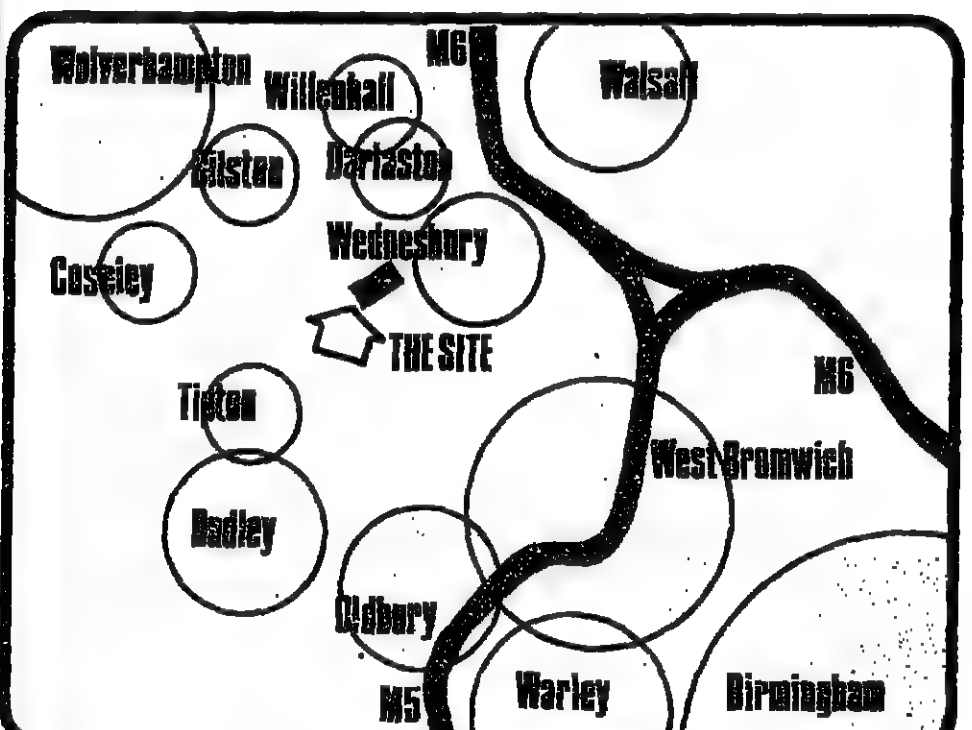
Obviously the portfolios are very heavily geared but they still provide a hefty asset backing for Rosehaugh (Maple House, alone, at cost, is worth over £2 a share to Mr. Bradman and Rosehaugh's other shareholders) and both deals are thought already to have generated sizeable surpluses. Maple House is now fully let and a proportion (though how much has not been disclosed) of the flats portfolio has been sold at a profit. No wonder Rosehaugh's shares have soared from 18p early last year to 182p just prior to suspension.

If all this activity were not enough for one month in the market there is also the fact that another property company, Chaddesley Investments, has had its shares suspended since early May awaiting the outcome of bid talks. Chaddesley is 47 per cent owned by the French group Compagnie Auxiliarie pour l'Industrie. One of its directors, Mr. R. J. Wade, is chairman of Rosehaugh.



Offices in the London Central YMCA development in Great Russell Street at the Oxford Street end of Tottenham Court Road have been taken by the North American broadcasting organisation NBC for £7.70 a sq ft. NBC will use 8,000 sq ft of the space as its European headquarters, leaving 5,355 sq ft in the hostel and conference centre block for joint letting agents Debenham Tewson and Chinnocks and Jones Lang Wootton to market. Gross Fine Kreiger Chalfen acted for NBC.

WEST MIDLANDS
FOR SALE FREEHOLD
47½ ACRES RESIDENTIAL BUILDING LAND
BILSTON ROAD & GOSPEL OAK ROAD, WEDNESBURY
with DETAILED PLANNING PERMISSION for 409 HOUSES
together with approval in principle to small Shopping Parade, Public House & Marina



full particulars from Joint Sole Agents
78, Colmore Row Birmingham B3 2HG Tel: 021-236 8477
51/53 Brick Street London W1Y 7DU. Tel: 01-499 9452
EDWARDS BIGWOOD & BEWLAY
MATTHEWS GOODMAN AND POSTLETHWAITE
72 Upper Thames Street, London EC4R 3UA. Tel: 01-248 3200.
4 Water Street, Liverpool L2 3SP. Tel: 051-236 8732.

JLW
Auction Sale
42 Lots of Commercial Investments
(NO RESERVES EXCEED £100,000)
For Sale by Auction
21st June 1978 at 11am & 2.30pm
at
Grosvenor House Ballroom, Park Lane, London W1
Auctioneers:
JONES LANG WOOTTON
Chartered Surveyors
103 Mount Street, London W1Y 6AS. Telephone 01-493 6040. Telex 23858.

TOTTENHAM COURT RD.
(Just off)

SHOP/ SHOWROOM PREMISES
Frontage 137ft. 6ins.
Depth 115ft. 0ins.
Approx. **28,000** sq.ft.
Including customers car park/ loading bay
TO LET
PER **£62,000** ANNUM

Healey & Baker
Established 1820 in London
29 St. George Street, Hanover Square, London W1A 3BG 01-629 9292

Peterborough
Development Corporation
FACTORY SITES 1/2-100 acres
Ring John Case
0733-68931

IMPERIAL HOUSE
KINGSWAY, LONDON, WC2
TO LET
Refurbished Office Accommodation
£7 per sq. ft. — 2,613 sq. ft. — 5,368 sq. ft.
Lifts * Kitchenettes * Central Heating
Carpets * 24 Hour Access * Partitioned

Collier & Madge
Chartered Surveyors & Property Consultant, 5, St. Bride Street, London, EC4A 4DE Tel: 01-353 9161

Farebrother Ellis & Co.
Chartered Surveyors
29, Fleet Street, London EC4Y 1AL. Tel: 01-353 9344

CONSIDER THIS!
A 1,000-ACRE SITE WITH OVER 3,000,000 PEOPLE LIVING CLOSE BY. THEY ARE, IN THE MAIN, WELL HOUSED — WELL FED — WELL CLOTHED — WELL EDUCATED AND HAVE A FEW POUNDS IN THEIR POCKETS.

PROBLEM?
THEY WANT SOMETHING TO DO WITH THEIR LEISURE TIME. AFTER ALL, *THERE IS MORE OF THAT* TODAY THAN EVER BEFORE AND IT IS GROWING ALL THE TIME. *BLAME THE UNIONS*, BLAME INDUSTRY, BLAME THE GOVERNMENT, BLAME WHO YOU LIKE! BUT IT'S AN UNDENIABLE FACT.

ANSWER:—
A FEW OPPORTUNISTS (IDEALLY WITH *SOME* CAPITAL), WHO RECOGNISE THAT EUROPE IS ON THE THRESHOLD OF THE NEXT *BIG BOOM INDUSTRY* — LEISURE. RECREATION AND TOURISM.

(WE RECKON THAT GROWTH WILL STOP WITH THE ADVENT OF WORLD WAR III.)

IF YOU WANT TO KNOW MORE ABOUT THE THREE MILLION WAITING CUSTOMERS AND THAT 1,000-ACRE SITE WHICH IS DIVISIBLE. CONTACT

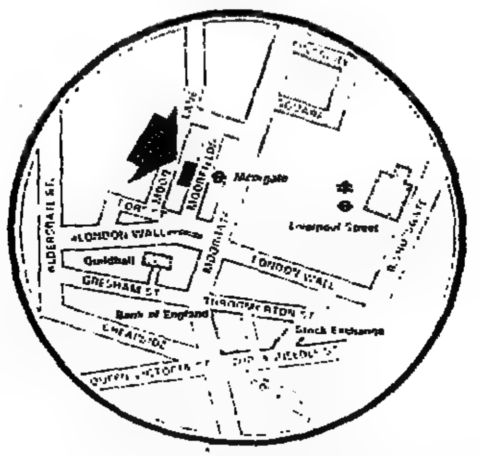
LIONEL MENDOZA & ASSOCIATES
(Property Consultants to the Leisure Industry)
100 BLATCHINGTON ROAD, HOVE BN3 3YF.
Tel: (0273) 722795.

By Order of the Joint Liquidators
FOR SALE
THE MOSTYN HOTEL
EASTBOURNE EAST SUSSEX
In premier position close to sea front and theatres. 98 Bedrooms. 26 Bathrooms. Two Flats. Lounges. Dining Room and Auxiliary Rooms.
For Full Details
Apply Joint Sole Agents

Stiles Horton Ledger
18, Gildredge Road, Eastbourne
Eastbourne 36244

J. TREVOR & SONS
58, Grosvenor Street, London W1X 0DD
01-629 8151

11 & 14 MOORFIELDS E.C.2.
Prime Airconditioned Banking/Office Suites
TO LET



No 14	1st FLOOR	4045 SQ.FT.
	2nd FLOOR	8865 SQ.FT.
		12910 SQ.FT.
No 11	5th FLOOR	5470 SQ.FT.

LONG LEASES AVAILABLE APPLY JOINT AGENTS CAR PARKING

St Quintin Son & Stanley
Chartered Surveyors
Vintry House Queen St Place London EC4. Tel 01-236 4040

Healey & Baker
ASSOCIATED OFFICES PARIS, BRUSSELS, AMSTERDAM & JERSEY

GREATER LONDON
7 well located
SHOPS
Fitted as Food Stores
Available as a package or separately
EDWARD SYMMONS & PARTNERS Tel. 01-834 8454
56/62 Wilton Road London SW1V 1DH

Send now for your brochure to:
The Industrial Adviser,
Thamesdown Borough Council,
Swindon SN1 2JH
Tel: 0793 26161. Telex 44833

SWINDON
Has incentives no government can offer.

QUEENS HOUSE,
SANDGATE ROAD, FOLKESTONE
1st Floor Offices 6,067 sq. ft.
2nd Floor Offices 3,667 sq. ft.
IN MODERN TOWN CENTRE OFFICE BUILDING
- Close to rail and bus stations
- Lift services and central heating
- Parking
- Attractive rental terms

Available as a whole or in part
Joint sole letting agents:

SIDDENS & RODEN
3, Cheriton Place, FOLKESTONE, KENT
Tel. 0303 51631

Smith-Woolley & Perry
Chartered Surveyors
43, Castle Hill Avenue, FOLKESTONE, KENT
Tel. 0303 57193

FARMING AND RAW MATERIALS

Zaire troubles impact on copper 'underestimated'

BY CHRISTOPHER PARKES

THERE WAS widespread belief in London yesterday that the London Metal Exchange had underestimated the impact on world copper supplies of the recent turmoil in Zaire.

This was voiced in a report from Commodities Research Unit which said: "Failure to attract skilled workers back to the mines threatens to deprive Zaire of at least 300,000 tonnes of copper production in a full year, equivalent to nearly 5 per cent of current world output.

"The price of good quality metal will be pushed up well above recent levels," it concluded.

One leading trader remarked that the market was aware that there was a danger of "under-reacting" to the "totally transformed situation in the copper market."

But the hot weather, several hectic days' trading and renewed uncertainties over the stability of the dollar had *forced dealers* to take a break to digest all the news.

At the close of trading on the London Metal Exchange three months wirebars were down *£10.50 a tonne at £788.25*. Cash and three months cathodes both ended £12.25 down at £761.25 and £781.25 a tonne respectively.

An early decline in copper prices on the exchange was *slowed* during the morning when Sozacom, the Zairean state trading organisation announced formally that from July until further notice only 50 per cent of copper delivery contracts *would be fulfilled*.

A plea of *force majeure* because of the recent fighting, damage at the Kolwezi mines and the absence of senior engineering staff—mostly white—had been *largely discounted before yesterday's announcement*. But some dealers had expected a 70 per cent *cut in shipments*.

Mark Webster writes from Nairobi: A mining official at Gecamines in Kolwezi said copper production had already started again. Production would be at around 30 per cent, he said, and full production could be achieved in around six months.

But others believe these figures to be over-optimistic. They point out that the 600 European workers who left Kolwezi when rebels attacked from Angola, occupied important positions.

Nonetheless, the rebels did very little damage to the heavy *plant and machinery* used for the open-cast mining.

● Major U.S. copper producers yesterday raised their prices by 3 cents a pound. Copper alloy producers in Canada, the U.S. and *Japan also increased their prices* by a similar amount.

Bad start for Soviet grain crops

MOSCOW, June 1.

THE SOVIET UNION has almost completed sowing grain and other spring crops but farmers are having to contend with bad weather, according to Pravda, the Communist Party daily, reports Reuter.

Weeds, pests and crop diseases were said to be developing in some areas and farmers were concentrating on looking after what had ben sown.

The paper said 137.3m hectares, representing 93 per cent of the planned spring crop area, was sown by last Monday.

This compares with 144.7m hectares by May 30 last year.

In Washington, meanwhile, Mr. Bob Bergland, U.S. Agriculture Secretary, said for the U.S. to use the U.S.-USSR grain supply agreement as leverage against the Soviet Union in protest at that country's military activity in Africa would have no impact.

The USSR had to be dealt with on a one-on-one basis.

Mr. Bergland, who has just completed a three-week tour of Europe, during which he spent six days in the Soviet Union, said there was absolutely no mention of any political or military issue.

His talks with Soviet agriculture officials centred on that country's needs for U.S. commodities *and co-operation between* the two countries in agricultural trade and research fields.

Senator Robert Dole is concerned about reports that the U.S. should accept maximum and minimum prices as part of an international wheat pact.

He said the Europeans want a wheat agreement which includes maximum and minimum prices, a coarse grains agreement and an understanding on dairy products and meat. The U.S. has opposed such conditions.

WHALING

Japan draws line on quota cuts

BY RICHARD MOONEY

THIS YEAR'S annual session of the International Whaling Commission, which begins in London later this month, could prove to be one of the most difficult yet as pressure for further cuts in the world whale catch runs up against a stone-wall defence by the leading whale-catching nations.

In a policy document issued ahead of the talks Japan, easily the world's biggest whale catcher and a "reluctant" member of the commission, has warned that it will not retreat any further on the question of quotas.

The Japan Whaling Association, which issued the document, believes that conservationist zeal throughout the 1970s has resulted in a tightening of whaling restrictions "to a level beyond that which is necessary."

Japanese supplies of whale products have dropped to one-eleventh of their former size, the association claims, and about 10,000 people in the Japanese whaling industry have lost their jobs.

Last year's stormy commission meeting in Canberra led to quota cuts which forced Japan to reduce its whaling effort by two-thirds and the Government is evidently determined to resist any further scaling-down of the industry.

"The traditional whaling industry of Japan is a vital food-providing industry for the Japanese people," the association declares. "Whales have deep roots not only in the Japanese diet but in culture and customs."

Atmosphere

Any further attempt to reduce whaling quotas would cause serious disruption, threatening the livelihoods of the 200,000 Japanese who depend directly and indirectly on the industry.

But the country is anxious to avoid confrontation with its non-whaling partners in the IWC and is calling for a "new dialogue" aimed at reaching a "peaceful and realistic settlement." And it is keen that the basis of the commission's operations should be strengthened rather than weakened.

To this end it is proposing that *greater efforts should be made to* persuade non-member whaling nations to join the IWC.

But the success of such a policy would require a more "even-handed and stable" atmosphere within the IWC, the association warns. "It must be said frankly that some of the extreme proposals offered in past years have made these nations unwilling to join."

Japan has, through its domestic policy, offered some encouragement for whaling nations to join the IWC by acting against whale-product imports from non-member countries.

These imports are expected to cease altogether in the near future following an administrative instruction by the Government to stop non-IWC imports.

Japan will also seek fundamental changes in the IWC quota system. The most important of these is a proposal that quotas should be set for three years instead of one as at present.

The association claims the *annual setting of quotas* jeopardises the stable management of whaling enterprises as forward planning is made nearly impossible. The new proposal includes an annual review so that quotas could be modified in mid-term if necessary.

It also claims a three-year interval would allow more thorough scientific deliberations before new quotas were set.

The IWC is an organisation which depends upon the acquiescence of its members in its restrictions so if the Japanese and/or the Russians were to flatly refuse to accept further cuts there would be little the other members could do about it.

In the past some sort of compromise has always been worked out at the last minute but if the Japanese are steadfast in their demand for no quota cuts the future of the commission itself could be in question.

French lamb defence rejected

BY MARGARET VAN HATTEM

BRUSSELS, June 1.

THE EUROPEAN Commission has rejected French arguments defending its restrictions on importing British lamb and mutton, and may refer the matter to the European Court of Justice later this year if the French do not back down.

The Commission's action constitutes the second stage of legal proceedings begun in February when, acting on complaints from the British, it gave France one month to justify its system of *variable import taxes used to* block the lower-priced British products.

A similar case is pending against Britain over import controls on potatoes, following *complaints from the Dutch, and the* Commission's "reasoned opinion" on the matter is expected to be delivered to the British shortly.

The Commission, having failed *to get its proposals for a Community sheepmeat regime* accepted during the farm price review last month, is keen to push them through before the start of the 1979-80 marketing *year*.

An early ruling against the French would, it is suggested, increase pressure on them to negotiate.

So far they have been reluctant to do so. Having rejected the Commission's proposals as "objectionable," they insisted on a political discussion, now scheduled for the farm council meeting in Luxembourg later this month.

The French claim that the British, who have access to vast quantities of New Zealand lamb for their domestic market, are in a position to flood the French market with the lower-priced UK product.

Consequently, they have been imposing levies equal to almost half the British price to raise prices to French levels.

The French also periodically suspend UK imports altogether.

Almost half of British sheepmeat exports to the EEC go to France. Last year France took 19,300 tonnes.

But the UK did not take action until earlier this year, when the French agreed to waive all restrictions on Irish imports—1,300 tonnes in 1977—in return for Ireland dropping charges pending in the Court of Justice.

NZ budget attack

BY OUR OWN CORRESPONDENT WELLINGTON, June 1.

NEW ZEALAND farmers are to be helped counter the effects of the disastrous summer drought and the problems of selling their produce abroad with special Government subsidies, Mr. Robert Muldoon, Prime Minister, said in his Budget speech here today.

Announcing "supplementary minimum payments" to give farmers a "reasonable" return, Mr. Muldoon singled out the EEC and Japan as countries paying only lip-service to the need to reduce protectionism in farm markets.

"The EEC sheepmeat proposal represents a far greater danger to the New Zealand economy than anything we have faced in the field of dairy products," he said.

"Our UK lamb trade is vital to our whole industry. The proposals at present being considered will inevitably increase the price of lamb in Britain and cause a decline in consumption.

"This could effectively destroy the New Zealand trade built up over generations. A 30 per cent price increase would price lamb out of the reach of the British housewife.

"We have no alternative market for 200,000 tonnes of this highly specialised product."

Both Mr. Callaghan, the UK Prime Minister, and Mrs. Thatcher, leader of the Opposition, had assured Mr. Muldoon that they understood the seriousness of the threat and would take action.

New Zealand's past experience with EEC regulations was far from reassuring, Mr. Muldoon commented.

● Mr. Brian Talboys, the New Zealand Deputy Prime Minister and Minister for Overseas Trade, will pay a further visit to Europe starting in London on June 10.

Scots farms yield more

Financial Times Reporter

THE OUTPUT from Scotland's farms last year was worth *£851m—14 per cent up on the* previous year, according to a report published yesterday.

The annual farming report of the Department of Agriculture and Fisheries for Scotland showed that the biggest increases in value were in mutton and lamb, which rose 20 per cent, wool up 28 per cent despite a slight fall in the quantity sold, poultry up 40 per cent and eggs up 20 per cent.

Potato prices dropped 20 per cent below the 1976 level. But cereal production reached a record and the crop was worth £96m, 20 per cent more than in 1976.

Public asked to help track elm disease

BY CHRISTOPHER PARKES

DUTCH ELM disease has killed about a million trees in southern Britain since the death toll was last assessed in the autumn of 1977. More than half the 23m elms in the region have now succumbed, the Forestry Commission said yesterday.

The commission reminded timber merchants of the penalties for breaking the new laws governing the movement of elm, with the bark attached, and warned that police were carrying out spot checks on lorries loaded *with timber*.

The public have also been asked to help foresters track down new cases of disease and keep an eye on movements of wood in their neighbourhood.

The bark beetle which carries the killing fungus is on the move again as the weather warms up, and the commission says the next few months could prove crucial to the safety of the remaining elms in the south of the country.

"The public should let us know of any instances of the movement of elm with the bark still on from the heavily affected to lightly affected areas," the commission said. The dividing line between the zones runs from the River Mersey to The Wash.

The rules apply not only to whole trees but to rough-sawn timber products like pallets and logs for rustic furniture. Firewood, too, may be infested.

Officials have given up hope in the worst affected zones, mainly in the south and easterly areas. Virtually all the elms there are either dead or dying. But they are still eager to hear of any new cases in the less *affected places*.

As well as restricting the movement of the wood, the commission is taking other steps to protect the remaining elms.

"Sanitation" felling of diseased trees helps slow the spread, and in cases where infected elms are especially important to the landscape or general amenities of an area injection treatments can have some limited success against the ailment.

The disease is still spreading in the north of Britain, although Dr. Derek Redfern, who monitors its progress from Edinburgh, is cautious about putting a number on casualties.

There has been no overall survey in the north, although it is known that several thousand of the two to three million elms in Scotland have been killed.

The disease has been found as far north as Deeside. More sick trees have been found all along the eastern coast of Scotland with the greatest concentrations in The Borders.

Beet growers seek cuts in EEC sugar imports

BY HILARY BARNES

COPENHAGEN, June 1.

EUROPEAN BEET growers, meeting here next week are expected to adopt a strong platform designed to protect their interests when the present EEC sugar marketing agreements expire in 1980, according to conference sources.

The four main demands on the list of the members of the International Federation of European Beet Growers will be:

● *Reduced imports of sugar from* third countries and a clear-cut distinction on the part of the EEC Commission between agricultural policy and aid policy.

● A continuation of the system whereby EEC beet production is regulated by *national quotas*.

● A total quota from 1980 onwards which is equivalent to EEC sugar consumption.

● A continued EEC tax on isoglucose corn sugar substitute to ensure that beet remains competitive.

Next week's conference will be attended by 800 delegates from 13 member countries, the EEC plus Sweden, Switzerland, Austria and Spain.

Informed sources said that Mr. Olav Gundelach, the Finnish EEC Agricultural Commissioner, is likely to come under attack for failing to "come clean" on sugar policy.

There is a 3.6m tonne sugar surplus in the EEC, about 1.3m tonnes stemming from guaranteed imports from Asian, Caribbean and Pacific (ACP) countries.

Mr. Gundelach must speak the truth and that is that EEC beet sugar production will have to be cut if the Community is to go on helping the ACP countries by importing sugar.

The conference will instead call for a firm line on EEC production and propose that most ACP sugar is kept out of Europe.

A proposal likely to be discussed is a system of deficiency payments to ACP countries—the payments would be equal to the difference between the EEC sugar price and the world market price.

The ACP countries would then be free to export their sugar to anywhere except the EEC, leaving European growers to satisfy European needs.

GHANA COCOA BUYING 'SOON'

Financial Times Reporter

Ghana mid-crop cocoa purchasing may begin to-day, London trade sources said yesterday. The first purchase return would then be expected on June 9 or possibly the following Monday, June 12.

Last year mid-crop purchasing started on June 17 and finished on October 6 with a total of 14,495 tonnes. Main crop purchasing ended on May 4 with a reported total of 263,214 tonnes.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lost ground in active trading on the London Metal Exchange. A lower overnight Comex saw forward metal fall to £785 on the early pre-market but the price then rallied strongly to £787 owing to short covering following news of the 50 per cent force majeure declaration on [illegible]

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	769-.5	+1.5	767.5-8	−10.7
3 months	789-.5	+1.75	788-.5	−10.5
Settl't	769.5	+1.5	—	.....
Cathodes				
Cash	761.2	+2.25	761-.5	−12.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TIN—Firmer. Forward standard metal opened at £6,400 and rose to £6,430 on the pre-market owing to speculative buying of both cash and forward material. However, news that the GSA contributions to the ITC had passed the banking committee stage saw values ease fractionally. Renewed buying in the afternoon then prompted a rise to £6,460 on [illegible]

[illegible]

ZINC—[illegible] lead. After [illegible] metal moved [illegible] but subsequently [illegible] on the late [illegible]

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	325.5-4.5	+3.25	323-4	+3.5
3 months	333-.5	+5	333-.5	+3.5
S'ment	324	+3	—	—
Prim.West	—	—	29	—

Morning: [illegible] Three months [illegible] Kerb: Three [illegible]

* Cents per pound. † SM per picul. ‡ On previous unofficial close.

EUROPEAN OPTIONS EXCHANGE

Option		Price	Close	Vol.	Close	Vol.	Close	Vol.	Equity close
[illegible]									
KLM	F170	21.00	—	28.50	—	34.00	—	..	
KLM	F180	14.00	51	22.00	26	24.00	5	..	
KLM	F190	12.00	5	17.50	12	23.00	—	..	
KLM	F200	9.50	48	12.50	15	17.00	7	..	
KLM	F220	8.00	42	11.00	15	—	—	..	
Nat Ned	F100	13.00	—	14.00	2	15.00	2	F111.00	
Nat Ned	F110	4.00	—	7.00	—	8.00	—	..	
Nat Ned	F120	1.50	—	2.50	—	3.00	2	..	
Philips	F22.50	4.70	—	5.30	—	6.20	—	F27	
Philips	F25.00	2.40	—	3.10	65	3.70	101	..	
Philips	F27.50	1.00	10	1.80	15	2.30	88	..	
R. D. Shell	F120	7.80	10	10.00	—	12.50	10	F126.50	
R. D. Shell	F130	1.70	3	4.00	—	5.80	—	..	
R. D. Shell	F140	0.30	—	1.20	—	2.80	—	..	
Unilever	F110	6.00	10	7.00	—	8.00	—	F113.40	
Unilever	F120	—	—	0.50	3	2.30	—	..	
Unilever	F130	—	—	0.30	—	0.90	—	..	

COCOA

As producers continued to overhang the market prices remained depressed through the day, reports Gill and Duffus.

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

SILVER

Silver was fixed 4.7p an ounce lower for spot delivery in the London bullion market yesterday [illegible]

[illegible]

JUTE

DUNDEE JUTE—[illegible]

RUBBER

LOWER opening on the London physical market. Fair interest throughout the day, closing easier. Lewis and Peat reported that the Malaysian market was [illegible] cents a kg (nominal buyer, June).

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

Scotland: Cattle down 6.5 per cent, average 67.59p (−3.33); Sheep down 51.5 per cent, average 131.3p (−2.8).

SMITHFIELD—Pence per pound: Beef: Scotch killed sides 54.0 to 57.0; Ulster hindquarters 71.0 to 73.0, forequarters 32.0 to 33.0; Eire hindquarters 68.0 to 72.0, forequarters 30.0 to 33.0. Lamb: English small (new season) 68.0 to 72.0, medium 64.0 to 70.0. Imported frozen NZPL 31.5 to 32.0, PM 30.0 to 31.0. Pork: English, [illegible]

[illegible]

English produce: Potatoes—Per 56lb, White Red 2.20-2.40. Lettuce—Per 12 1.30-1.60, Cos 2.20-2.40. Beetroot—Per 28lb 2.30. Carrots—Per bag 0.60-1.40. Onions—Per 56lb 2.60-3.00. Rhubarb—Per pound, outdoor 0.05. Cucumbers—Per tray 12/24s 1.50-2.60. Mushrooms—Per pound 0.30-0.40. Apples—Per pound Bramley's 0.10-0.20. Tomatoes—Per 12lb English 4.80-5.40. Greens—Per crate, Kent 0.90-1.00. Cauliflowers—Per 12 Lincoln 1.20, Kent 1.20-2.00. Celery—Per 12/18 3.80-4.50. Asparagus—Per bundle approx 2lb 1.00-1.40. Strawberries—Per ½lb 0.20-0.25.

UK wheat acreage up

By Our Commodities Staff

BRITISH FARMERS have planted 13 per cent more wheat than last season and about 5 per cent less barley, according to preliminary results of a survey carried out by the Home-Grown Cereals Authority.

And 96 per cent. of the wheat acreage is planted with high-yielding winter grain. The proportion of the barley acreage planted with winter barley is also higher than last year, the survey shows.

These results suggest that the increase in wheat drillings was not as big as estimated earlier in the year and the fall in barley plantings less severe.

Quoting Ministry of Agriculture figures, the Authority claims that at the end of March stocks of grain still held on farms totalled 3.27m tonnes—64 per cent more than at the same time last year.

PRICE CHANGES

Prices per tonne unless otherwise stated.

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

GRIMSBY FISH—Supply good, demand good. [illegible]

COTTON—Liverpool. [illegible]

U.S. Markets

Copper up, sugar and cocoa rally

NEW YORK, June 1.

PRECIOUS METALS closed mixed on mixed Commission House and trade *activity despite a stronger dollar and a* higher stock market, Bache reports. Copper closed higher to unchanged on strong buying despite [illegible] hedge selling. Sugar rallied sharply on industrial price fixing and short-covering. Cocoa rallied on Commission House buying despite trade arbitrage selling.

Cocoa—July [illegible] Sept. 129.85 (120.35), Dec. 128.45, March 124.05, May 122.20, July 120.65, Sept. 119.40. Sales: nil.

Coffee—"C" Contract—July 174.50-175.00 (168.70), Sept. 168.32 bid (162.42), Dec. 162.00 bid, March 157.50 bid, May 153.50 bid, July 152.75 bid, Sept. 148.75 bid. Sales: 750.

Copper—June 64.00 (64.70), July 65.40 (65.30), Aug. 66.00, Sept. 66.50, Dec. [illegible] Jan. 63.60, March 69.60, May 70.60, July 71.60, Sept. 72.60, Dec. 74.10, Jan. 74.60, March 75.60. Sales: 7,500.

Cotton—No. 2 July 59.00-59.10 (60.42), Oct [illegible] Dec [illegible] March [illegible] May [illegible] July [illegible] Oct [illegible] Sales: 327,000 bales.

*Gold—June 184.00 (184.30), July 185.20 (185.50), Aug. 186.70, Oct. 189.60, Dec. 192.50, Feb. 195.50, April 198.30, June 201.60, Aug. 204.70, Oct. 207.80, Dec. 210.90, Feb. 214.00, April 217.10. Sales: 10,300.

†Lard—Chicago loose not available. NY prime steam 24.25 nom. (24.25 traded).

Maize—July [illegible] Sept. [illegible] Dec. [illegible] March 275, May [illegible] July 279.

†Platinum—July 251.00-252.40 [illegible] Oct. [illegible] Jan. [illegible] April 257.00, July 257.30, Oct. [illegible] Jan. [illegible] Sales: 1,415.

*Silver—Sept. [illegible] June [illegible] July [illegible] Aug. 546.00, Sept. 552.00, Dec. [illegible] Jan. [illegible] March 577.00, May [illegible] July [illegible] Sept. [illegible] Dec. [illegible] Jan. [illegible] March [illegible] Sales: 7,300.

Soyabeans—July [illegible] Aug. [illegible] Sept. [illegible] Nov. [illegible] Jan. [illegible] March [illegible] May [illegible] July [illegible]

Soyabean Oil—July 28.30-28.40 (28.30), Aug. 27.80-27.85 (27.70), Sept. 27.10-27.15, Oct. 26.30-26.20, Dec. 24.50-24.55, Jan. 25.05, March 24.90-24.75, May 24.60-24.50, July 24.10-24.20.

[illegible]

STOCK EXCHANGE REPORT

Equities resilient despite gloomy NIESR review

Index 0.6 off at 478.2—Gilts drift lower

Account Dealing Dates

First Dealings	Option* Declarations	Last Dealings	Account Day
May 15	May 25	May 26	Jun. 7
May 30	Jun. 8	Jun. 9	Jun. 20
Jun. 12	Jun. 22	Jun. 23	July 4

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equity stock markets put on a show of resilience yesterday in the face of the gloom economic forecasts made by the National Institute of Economic and Social Research in its latest quarterly review. The Industrial leaders were lowered a shade at the opening of business, but little stock came on offer and prices soon made a modest improvement in response to the occasional buying order.

However, the afternoon announcement of slightly disappointing first-quarter figures from British Petroleum, up 2 at 878p, after 890p, appeared to dampen sentiment. The FT 30-share index, which recorded a rise of 2.3 at 2 pm, closed 0.6 lower on balance 478.2. Nevertheless, the undertone in the final dealings was being described as steady to firm.

British Funds drifted lower in a low volume of trade. Sentiment was *not helped by dullness in* sterling and the forecast of a rise in the rate of price inflation. Falls *ranging to ¾ throughout the list* were reflected in the Government Securities index which closed 0.23 *down at a 1978 low of 69.90.*

Elsewhere, secondary equities encountered selective demand, while fresh speculative interest was *again evident in some of the* take-over favourites. Rises were in a majority over *falls* by 3-1 in *FT-quoted* Industrials. There was a small improvement in the level of turnover as measured by official bargains of 4,831 compared with 4,342 on Wednesday.

British Funds remained a thin and extremely sensitive market *yesterday. The continued lack of* any fresh initiative from the *authorities over the money supply* coupled with the gloomy economic forecasts from NIESR kept potential investors on the sidelines and resulted in a downward drift in prices. The reaction in sterling was also an adverse factor in the shorter maturities where closing quotations recorded losses of 1/16 and occasionally more. Falls in the longs ranged to ⅜ with the tap, **Exchequer 12 per cent. 1998**, reacting that amount to 63⅛.

Traded Options were fairly active with 617 contracts made. This compares with the previous day's second *heaviest* traded total of 906 and Tuesday's 349. **Grand Met** and **Cons Gold** featured with 158 and 140 contracts respectively, while 126 were done in **ICI**.

The investment currency premium continued its current downward drift and closed the day 1⅝ down at $105 per cent, taking its decline on the week so far to 5⅞. Yesterday's conversion factor was 0.6880 (0.6878).

Banks quiet

The volume of business in the banking sector left much to be desired. Merchant Banks, however, met a modest selective demand and improvements of 5 were recorded in **Guinness Peat**, 235p, and **Brown Shipley**, 230p: the latter's preliminary results are due on June 8. **Keyser Ullmann** continued firmly at 52p, up 2, and **Antony Gibbs** edged forward a penny to 30p. Home Banks *drifted gently lower on lack of* support. **Barclays** softened 2 to 333p as did **Midland** to 363p.

Insurances *displayed no set* trend after a thin trade. **Sun Alliance** gained 4 at 528p and **Phoenix** hardened 2 to 234p but **London United** closed that much lower at 176p.

Breweries ignored adverse Press comment on the industry's prospects and closed better where changed. **Young A** edged forward 2 to 177p on increased earnings and scrip issue proposal, while investment demand raised **Whit-**

Building descriptions traded quietly, with prices hardly moving from the overnight levels. A smattering of news items failed to draw any real response from dealers despite the good respective performances from **UBM** and **Comben Group**. The former, slightly firmer ahead of the figures, closed marginally lower at 72p, while the latter, initially marked a penny *higher* at 31p, remained unmoved by the announcement. Buying in a thin market lifted **Heywood Williams** *6 to a* 1978 peak of 116p. **Ibstock Johnsen** put on 3 to 173p after further *small demand* and **Armitage Shanks** firmed 2¼ to 68½p, the latter on a Press mention.

ICI, *initially 4 firmer at 396p* in subdued trading, eventually eased back in after hours dealings *to close 2 lower on* balance at 390p, while **Fisons** held a small improvement at 363p. **Coalite and Chemical** *eased 4 to 73p despite* good profits which still ranked below market estimates, but **Allied Colloids** put on 5 to 80p on renewed buying interest. **Rentokil**, 59p, were unmoved by *news of the U.S. acquisition* **Mighty National Group.**

H. Samuel wanted

Still reflecting the record results and scrip issue proposal, **H. Samuel A** rose 7 to 280p for a two-day gain of 12. Other Stores closed with modest rises following a light trade. **Ellis and Goldstein** hardened a penny to 25½p, while **A. G. Stanley**, 115p, and **Status Discount**, 180p, put on 3 apiece.

Electricals contributed some firm spots. Substantially increased earnings lifted **Normand** 4 to 50p, while **Farnell Electronics** closed 8 higher at 276p, after 278p, following the annual meeting. **Henry Wigfall** were good late at 214p, up 9, on renewed speculative interest.

Speculative interest for *secondary engineerings* waned after the previous day's increased activity which followed **Thomas** *Tilling's surprise offer for* **Fluidrive**: the latter improved 2 more to 78p, making a two-day *jump of 21*. The increased dividend and higher annual profits together with reports of record *order books buoyed* **Capper-Neill** which moved up 5 to a 1978 high of 78p. **Spear and Jackson** put *on 8 to 138p and improvements of* around 4 were seen in **Burgess Products**, 42p, **Molins**, 130p and **T. W. Ward**, 73p. *Still benefiting* from recent investment comment, **Delson** edged forward 2 more to *34p. Of the leaders*, **John Brown** reacted from a firm early-morning level of 378p to finish 2 easier on the day at 374p, while **GKN** cheapened 3 to 281p on further consideration of the group's decision to drop the bid *for Sachs AG.*

Shipbuilding concerns came in for some support which left **Hawthorn Leslie** and **Vosper** 6 higher at 74p and 168p respectively. **Yarrow** hardened 3 to 273p, after 275p.

Associated British continued firmly in Foods, rising 2 to a 1978 peak of 70p: the preliminary figures were announced on June 13 last year. Seasonal influences left **J. Lyons** 3 better at 98p and **Alpine Soft Drinks** 6 to the good at a 1978 peak of 130p. In Supermarkets, **Kwik Save** *rose* 3 to 85p.

Hotels made fresh headway in *further response to reports of* buoyant trading. **Trust Houses Forte** closed 5 better at 216p, *after 218p*, while **City Hotels** picked up 2 at 133p for a two-day improvement of 9. **Grand Metropolitan**, interim figures next Thursday, touched 117½p before finishing a penny better on balance at 116p.

De La Rue up

The gloomy economic forecast from NIESR led to a reversal of the previous day's firmness in the Miscellaneous Industrial leaders. Prices were marked a penny or so lower at the outset and continued to drift down on lack of support. **Beecham** gave up 5 to 637p and **Glaxo** 3 to 587p. **Reed International** opened easier at 125p following comment on the preliminary results and closed 4 down on the day at *124p*. **Metal Box**, on the other hand, improved 2 to 304p: the annual figures are due next Monday. *Elsewhere, buying* ahead of respective trading statements due next Tuesday and Thursday helped **De La Rue** *put* on 10 to 340p, after 343p, and **Leigh Interests** add 8 to 170p. A dull market *last week on the disappointing interim results*, **Avon Rubber** revived with a rise of 6 *to 188p, while* **Grovebell** *met support* and closed similarly dearer at 28p. The chairman's encouraging remarks at the annual meeting prompted a gain of 5 to 89p in **Pentos**, while **Durapipe** attracted buyers and closed 8 to the good at 116p. **Siebe Gorman** rose 12 to 194p. By way of contrast, **B. S. and W. Whiteley** fell 4 to a 1978 low of 36p following the annual loss and omission of *the final dividend* and **Morgan Crucible** gave up 3 to 103p on the disappointing first-quarter *profits*.

Reports of the prospect of a sharp rise in the price of petrol failed to unsettle Motors and Distributors which were better where changed. **Dorada**, *recently* foiled in an attempt to takeover the British School of Motoring, returned to favour and closed 4 better at 80p, while **Wadham Stringer**, 46p, and **Airflow Streamlines**, 85p put on 2 and 3 respectively, while continuing support lifted **Reliant Motor** ¾ further to a 1978 peak of 10¾p.

In Newspapers, North Sea oil favourite **Thomson** reacted 6 to 242p *after the announcement* of the first quarter figures from British Petroleum.

Trade in Properties *remained* small and, as business tailed off further towards the close, a *slightly easier tendency* developed. **English Property**, steady throughout, eventually eased back ½ to 45½p in after hours dealings. Similarly, **Land Securities** *shed 3 to 209p. News* items were responsible for prominence in selected secondary *issues.* **Berkeley Hambro**, standing a couple of pence easier ahead of the annual results, rebounded on the announcement to close 5 higher at 110p, while small improvements were seen in **Churchbury**, 237p, and **Mountview**, 38p, both after figures. **Marler Estates**, 30p, held steady despite lower profits. Elsewhere, speculative demand lifted **Intereuropean** 2½ to 32½p, and, similarly, **Property Partnerships** firmed another 5 to 115p. **McKay** were marked 30 higher to 220p after a couple of buying orders and **Percy Bilton**, recently dull on disappointing results, recovered 2 to 162p on the chairman's optimistic statement.

Br. Petroleum disappoint

Standing 14 higher at 890p in anticipation of the first quarter *figures*, **British Petroleum** were immediately lowered on the announcement and closed only 2 *up on* balance *at 878p*. Other leading Oils eased in sympathy on what was a slightly disappointing *statement*. **Shell**, initially 10 harder at 570p, finished only 4 up at 564p. Elsewhere, **Siebens** *UK touched 408p before* settling a net 6 lower on balance at 398p.

Ocean Wilsons, preliminary *figures on June 12, rose 7 to 107p* for a two-day gain of 13 in quietly firm Overseas Traders.

Proceedings in Investment Trusts and Financials were enlivened in the late trade by a *jump of 42 to 245p in* **Investment Trust Corporation** on an approach from an unnamed party. **Charterhouse Group** reflected an *improved first-half* with a rise of 3 to 66p, while **West of England**, 56p, and **Dawnay Day**, *40p* both closed around 2 harder. **London European** hardened a penny to 30p for a rise on the week *so far* of 6.

Second-line Shippings underwent a modest re-rating on hopes that the industry's prospects are improving. **Reardon Smith "A"** moved up 2½ to 40p, while **Common Bros.**, 129p, and **Hunting Gibson**, 144p, put on 6 apiece.

Textiles had contrasting movements in **Sidlaw**, 3 off at 91p on the first-half profits setback, and **Nova Jersey**, up 5 more to 50p on continuing speculative support. **J. Crowther** hardened a penny to 33p on further consideration of the preliminary results, while gains of 3 were seen in **Tern-Consulate**, 55p, and **Parkland Textile A**, 82p. **Coats Patons**, however, closed a shade easier at 73½p on the bearish comments on current trade contained in the full *report*. Tobaccos had a firmer inclination with **Rothmans** a shade better at 56½p and **BAT Industries Deferred** 2 harder at 293p.

Following the 145 cents cash per share for the equity not *already owned* by the Dodo family, **Edworks** touched 82½p before closing at 78p compared with the pre-suspension price of 48p.

Northern Mining fall

Australian issues again attracted most of the attention in mining markets. The members of the Ashton diamond consortium all lost ground following persistent profit-taking. **Northern Mining** dropped 20 to 105p, **Conzinc Riotinto** 10 to 230p, after 228p, and **"Tanks"** 5 to 166p; the last named were additionally weakened by the lower 1977 profits and reduced final dividend.

Among the more speculative stocks, falls of 5 were common to **Tasminex**, 75p, and **Whim Creek**, 60p, while **Mid-East Minerals** gave up 4 to 46p. **Metals Exploration** declined 3 to 36p. **Paringa Mining and Exploration** were actively traded and finally 2 cheaper at 36p.

Base-metal producers were mixed, with **North Broken Hill** another 3 firmer at a 1978 high of 122p but **Western Mining** a similar amount lower at 125p.

Uraniums were steady following news that the Federal Government statement about the signing of export contracts.

In contrast with Australians, South African Golds showed an easier overall trend reflecting the $1 downturn in the bullion price to $183.375 per ounce.

Trading in Golds remained subdued and losses were usually restricted to around ¼ in heavyweights like **West Driefontein**, £21¾.

Among the medium-priced issues, **East Driefontein** came in for profit-taking and the shares dipped 16 to 732p. The Gold Mines index registered a 0.9 fall at 155.2.

South African Financials were quiet but the London domiciled Financials all moved ahead reflecting the firmness of U.K. equities and the recent buoyancy of base-metal prices on the London Metal Exchange. **Rio Tinto-Zinc** closed 4 up at a year's high of 228p, while institutional buying lifted **Gold Fields** 2 to 178p, after 180p. **Charter** hardened a penny to 137p in front of next week's annual results.

In Coppers **Minorco** responded to U.S. buying and closed 3 better at a 1978 high of 133p.

The further improvement in the free market platinum price *prompted* a good demand for **Rustenburg** and **Bishopsgate** which both put on 2 to 86p and *84p respectively. Elsewhere*, **Anglo United**, at 160p, relinquished 12 of the previous day's improvement of 14.

FINANCIAL TIMES STOCK INDICES

—	June 1	May 31	May 30	May 26	May 25	May 24	A year ago
Government Secs	69.90	70.13	69.92	70.10	70.47	70.42	68.61
Fixed Interest	71.70	71.77	71.76	71.99	72.10	71.95	69.35
Industrial Ordinary	478.2	478.8	472.5	476.1	477.5	474.0	454.6
Gold Mines	155.2	156.1	153.6	152.4	152.9	153.8	119.8
Ord. Div. Yield	5.53	5.52	5.59	5.55	5.52	5.56	5.11
Earnings Y'ld%(full)(*)	16.43	16.40	16.59	16.52	16.70	16.82	15.70
P/E Ratio (net)(*†)	8.18	8.19	8.10	8.13	7.99	7.93	9.24
Dealings marked	4,831	4,342	4,575	5,368	4,479	4,657	4,942
Equity turnover £m	—	54.69	49.53	88.09	82.32	64.87	66.88
Equity bargains total	—	14,364	12,387	16,848	16,599	15,118	15,241

10 am 478.3. 11 am 478.8. Noon 481.0. 1 pm 481.1.
2 pm 481.1. 3 pm 479.6.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=8.02.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	69.90 (1/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	71.70 (1/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.5 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (6/3)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 1	May 31
—Daily		
Gilt-Edged	141.5	145.2
Industries	173.3	142.6
Speculative	41.7	42.2
Totals	110.0	98.2
5-day Av'rage		
Gilt-Edged	139.4	139.0
Industrials	169.6	168.8
Speculative	40.1	38.2
Totals	108.3	107.5

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	13	878	+2	892	720
ICI	£1	10	390	−3	396	328
Grand Met.	50p	9	116	+1	117½	87
Shell Transport	25p	9	564	+4	586	484
GEC	25p	8	263	−1	278	233
RTZ	25p	8	228	+4	228	164
BATs Defd.	25p	7	293	+2	296	227
Barclays Bank	£1	7	333	−2	358	296
Midland Bank	£1	7	363	−2	390	330
Reed Intl.	£1	7	124	−4	143	102
Hawker Siddeley	25p	6	220	+2	222	166
Howden (A.) 'New'	Nil/pd.	6	14pm	—	14pm	9pm
Metal Box	£1	6	304	+2	320	288
Ocean Wilsons	20p	6	107	+7	107	68
Distillers	50p	5	183	+2	183	163

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (158)

CANADIANS (1)
BANKS (3)
BEERS (7)
BUILDINGS (10)
CHEMICALS (5)
DRAPERY & STORES (7)
ELECTRICALS (7)
ENGINEERING (28)
FOODS (4)
HOTELS (3)
INDUSTRIALS (38)
MOTORS (8)
NEWSPAPERS (2)
PAPER & PRINTING (1)
PROPERTY (6)
SHIPPING (1)
SHOES (1)
TEXTILES (2)
TOBACCOS (1)
TRUSTS (10)
OVERSEAS TRADERS (3)
RUBBERS (1)
TEAS (3)
MINES (6)

NEW LOWS (22)

BRITISH FUNDS (15)

Treas. 9pc 1980
Treas. 9½pc 1980
Excheq. 13pc 1980
Treas. 8¼pc 1981
Excheq. 8¾pc 1981
Excheq. 9½pc 1981
Excheq. 12¾pc 1981
Treas. 8½pc '80-82
Treas. 3pc 1982
Excheq. 3pc 1983
Treas. 9½pc 1983
Gas 3pc '90-95
Redemp. 3pc '86-96
Treas. 5½pc '08-12
Consols 2½pc

CHEMICALS (1)

Ciba Geigy 8¾pc '82-95

ENGINEERING (1)

British Northrop

INDUSTRIALS (4)

Bodycote Intl.
Dentsply 8pc Conv. 81-96
Caravans Intl.
Whiteley (B. S. & W.)

SHIPPING (1)

Runciman (W.)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	66	9
Corpns. Dom. and Foreign Bonds	6	1	58
Industrials	436	145	956
Financial and Prop.	111	42	347
Oils	8	3	18
Plantation	5	6	21
Mines	32	40	52
Recent Issues	1	4	23
Totals	602	335	1,4[illegible]

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 23	Jun. 6	Aug. 17	Aug. 30
Jun. 7	Jun. 20	Aug. 31	Sep. 14
Jun. 20	July 4	Sep. 14	Sep. 28

For rate indications see end of Share Information Service

Stocks favoured for the call were Compton Webb, Burmah Oil, Western Areas, City Hotels, Siebens Oil (UK), J. Brown, Adda International, Reardon Smith A, Cons. Gold Fields, Premier Consolidated Oil, and UDT, while a double was arranged in Dorada.

FOOD PRICE MOVEMENTS

	June 1 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,090	1,090	1,090
British A.1 per ton	1,065	1,065	1,065
Irish Special per ton	1,065	1,065	1,065
Ulster A.1 per ton†	1,065	1,065	1,065
BUTTER			
NZ per 20 lbs	11.41/11.52	11.41/11.52	11.41/11.52
English per cwt†	69.61	69.61	67.37
Danish salted per cwt†	71.50/73.88	70.10/73.41	70.15/72.42
CHEESE§			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,202.10	1,246.78	—
EGGS*			
Home produce:			
Size 4	—	2.70/3.40	—
Size 2	—	3.90/4.50	—
	June 1 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0/57.0	54.0/58.0	53.0/56.0
Eire forequarters	30.0/35.0	36.0/38.0	—
LAMB			
English	64.0/70.0	—	68.0/76.0
NZ PLs-PMs	30.0/32.0	30.0/31.0	47.5/49.5
MUTTON—English ewes	—	—	—
PORK (all weights)	36.0/45.0	38.0/45.0	36.0/45.0
POULTRY—Broiler chickens	35.5/37.0	35.5/37.0	34.5/36.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. § For delivery June 3-10. .Kil·F·· uvf†00·

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	142	—	152	—	171	—	878p
BP	800	90	1	118	1	133	—	..
BP	850	49	2	72	—	97	1	..
BP	900	20	19	47	2	67	4	..
Com. Union	140	13½	—	20	2	22	—	149p
Com. Union	160	4	23	9½	—	12½	—	..
Cons. Gold	160	22	7	31	44	36	12	178p
Cons. Gold	180	9½	41	18	28	24	8	..
Courtaulds	100	25½	3	29½	10	31½	—	125p
Courtaulds	110	18	—	22	1	24	—	..
Courtaulds	120	11½	13	15	—	17	1	..
Courtaulds	130	6	7	11½	2	14½	—	..
GEC	220	51	3	55	—	63	—	264p
GEC	240	31	—	39	—	46½	—	..
GEC	260	16	—	27	6	34	2	..
Grand Met.	100	19½	17	22	9	24½	—	118p
Grand Met.	110	10½	37	15	16	18	2	..
Grand Met.	120	6	41	10	24	13½	12	..
ICI	330	65	10	71	11	73	27	390p
ICI	360	36	18	41	2	51	5	..
ICI	390	14½	30	25	25	35	—	..
Land Secs.	180	32½	—	34½	2	39	—	210p
Land Secs.	200	15	3	20½	2	25½	—	..
Land Secs.	220	4½	17	10½	5	15½	—	..
Marks & Sp.	120	30	—	32	—	36	—	146p
Marks & Sp.	140	12	4	17½	—	21	—	..
Marks & Sp.	160	3½	—	8½	—	12	5	..
Shell	500	77	2	98	—	106	—	564p
Shell	550	34	—	56	—	68	—	..
Shell	600	11	38	28	11	40	3	..
Totals			334		203		80	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
100	F.P.	2/7	153	142	Eurotherm	148	[illegible]	b2.64	4.0	2.7	14.1

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

		Thurs., June 1, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed. May 31 Index No.	Tues. May 30 Index No.	Fri. May 26 Index No.	Thurs. May 25 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	215.32	+0.3	17.46	5.56	8.01	214.70	211.96	212.52	213.57	180.04
2	Building Materials (28)	191.36	+0.2	17.95	5.67	7.98	190.89	189.66	190.31	191.04	149.28
3	Contracting, Construction (26)	346.32	+1.1	19.71	3.94	7.43	342.63	339.52	340.91	344.49	254.62
4	Electricals (15)	454.31	−0.3	15.09	3.91	9.38	455.62	444.46	445.67	448.44	347.65
5	Engineering Contractors (14)	320.34	+0.7	18.43	6.36	7.35	318.14	314.95	317.71	319.71	257.88
6	Mechanical Engineering (71)	175.08	+0.6	18.31	6.07	7.44	173.98	172.23	172.17	172.19	164.86
8	Metals and Metal Forming (17)	165.05	—	17.35	8.49	7.87	165.12	163.73	164.60	166.01	132.25
	CONSUMER GOODS										
11	(DURABLE) (52)	197.26	+0.7	16.92	4.84	8.37	195.94	194.28	194.39	194.42	165.86
12	Lt. Electronics, Radio TV (15)	231.39	+0.9	15.13	3.73	9.32	229.26	227.32	227.18	226.93	184.06
13	Household Goods (12)	177.47	+0.5	16.21	6.36	8.47	176.52	176.13	176.52	176.46	162.77
14	Motors and Distributors (25)	125.45	+0.3	19.75	6.15	7.14	125.04	124.05	124.16	124.31	111.05
	CONSUMER GOODS										
21	(NON-DURABLE) (175)	204.07	+0.3	15.70	5.73	8.67	203.47	200.90	201.94	203.10	168.37
22	Breweries (14)	237.12	+0.2	14.38	5.71	10.00	236.73	234.37	238.82	241.06	177.22
23	Wines and Spirits (6)	261.11	+1.0	15.49	5.52	9.79	258.48	254.76	257.49	259.92	192.73
24	Entertainment, Catering (17)	262.47	+0.7	13.43	6.50	10.78	260.61	255.99	254.71	256.41	212.38
25	Food Manufacturing (22)	196.81	+0.9	19.80	5.44	6.68	195.10	193.32	192.29	193.19	175.23
26	Food Retailing (15)	201.98	+0.7	14.49	4.97	9.54	200.61	197.81	197.27	198.82	171.38
32	Newspapers, Publishing (13)	365.39	−1.5	10.82	3.40	13.24	371.10	364.85	371.79	373.56	285.34
33	Packaging and Paper (15)	131.28	−0.4	19.90	8.06	7.12	131.79	130.65	130.02	130.04	119.27
34	Stores (39)	181.20	—	11.63	4.99	12.61	181.12	178.60	179.66	181.17	144.99
35	Textiles (25)	183.27	—	17.03	7.56	7.57	183.26	180.65	185.67	184.54	169.24
36	Tobaccos (3)	259.58	+0.4	21.30	7.21	5.58	258.49	255.34	255.85	256.83	219.76
37	Toys and Games (6)	108.38	−0.2	19.53	5.76	6.70	108.64	108.26	108.61	108.61	97.85
41	OTHER GROUPS (97)	200.29	—	16.05	5.68	8.19	200.21	198.91	199.65	199.86	179.81
42	Chemicals (19)	285.97	−0.2	17.43	6.11	7.79	286.40	283.47	285.12	283.82	250.76
43	Pharmaceutical Products (7)	261.42	−0.5	11.33	3.92	11.03	262.79	260.18	260.67	259.86	0.00
44	Office Equipment (6)	137.03	+0.2	17.48	4.74	6.77	136.72	137.17	137.66	139.21	102.57
45	Shipping (10)	431.12	+0.1	19.41	7.30	6.27	430.85	428.15	432.57	434.14	528.69
46	Miscellaneous (55)	206.17	+0.6	16.61	6.25	8.16	204.95	204.55	204.80	206.30	176.82
49	INDUSTRIAL GROUP (495)	212.40	+0.3	16.30	5.62	8.35	211.86	209.57	210.38	211.21	180.17
51	Oils (5)	498.72	+0.5	14.80	3.96	7.33	496.45	493.87	494.63	499.41	502.33
59	500 SHARE INDEX	236.11	+0.3	16.07	5.36	8.18	235.43	233.09	233.91	235.04	206.12
61	FINANCIAL GROUP (100)	165.32	−0.1	—	5.63	—	165.51	162.91	163.89	165.19	136.30
62	Banks (6)	191.66	−0.4	24.69	5.62	6.13	192.36	188.92	190.83	192.42	151.18
63	Discount Houses (10)	198.97	—	—	8.57	—	198.97	198.12	200.37	200.37	163.43
64	Hire Purchase (5)	146.48	—	13.36	5.60	11.08	146.48	145.72	145.43	146.63	126.58
65	Insurance (Life) (10)	138.82	−0.1	—	6.56	—	138.98	136.99	137.21	139.82	107.09
66	Insurance (Composite) (7)	125.98	−0.1	—	6.77	—	126.12	123.57	124.84	125.90	111.52
67	Insurance Brokers (10)	331.85	−0.3	14.05	4.72	10.19	332.86	323.44	327.37	333.37	289.64
68	Merchant Banks (14)	81.33	+1.0	—	5.99	—	80.55	80.31	80.08	79.94	69.14
69	Property (31)	235.97	−0.2	2.91	3.05	66.14	236.38	234.44	236.01	233.65	186.97
70	Miscellaneous (7)	107.38	+0.9	24.33	7.42	5.69	106.46	105.89	106.02	105.94	87.40
71	Investment Trusts (50)	203.63	+0.4	3.31	4.86	30.24	202.90	202.37	203.81	203.75	171.22
81	Mining Finance (4)	100.87	+1.3	16.59	6.83	7.35	99.55	98.44	98.44	97.45	95.80
91	Overseas Traders (19)	316.89	−0.1	15.24	6.52	8.19	317.28	314.67	313.83	314.05	279.65
99	ALL-SHARE INDEX (673)	217.24	+0.2	—	5.44	—	216.74	214.45	215.29	216.31	187.94

FIXED INTEREST PRICE INDICES

	British Government	Thurs. June 1	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.75	−0.17	0.32	3.46
2	5-15 years	115.28	−0.36	—	2.67
3	Over 15 years	119.61	−0.37	—	4.97
4	Irredeemables	125.73	−0.33	0.22	4.30
5	All stocks	112.47	−0.28	0.14	4.16

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Thurs. June 1	Wed. May 31	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Thurs., June 1 Index No.	Yield %	Wed. May 31	Tues. May 30	Friday May 26	Thurs. May 25	Wed. May 24	Tues. May 23	Mon. May 22	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.34	12.95	57.34	57.35	57.37	57.55	57.39	57.89	57.88	[illegible]
16	Investment Trust Prefs. (15)	53.91	13.44	53.91	51.75	51.70	51.70	51.75	51.62	51.62	[illegible]
17	Coml. and Indl. Prefs. (20)	71.56	12.94	71.72	71.79	71.95	71.83	71.90	69.85	69.92	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hill Samuel	§ 9 %
Allied Irish Banks Ltd.	9 %	C. Hoare & Co.	† 9 %
American Express Bk.	9 %	Julian S. Hodge	10 %
Amro Bank	9 %	Hongkong & Shanghai	9 %
A P Bank Ltd.	9 %	Industrial Bk. of Scot.	9 %
Henry Ansbacher	9 %	Keyser Ullmann	9 %
Banco de Bilbao	9 %	Knowsley & Co. Ltd.	11½ %
Bank of Credit & Cmce.	9 %	Lloyds Bank	9 %
Bank of Cyprus	9 %	London Mercantile	9 %
Bank of N.S.W.	9 %	Edward Manson & Co.	10½ %
Banque Belge Ltd.	9 %	Midland Bank	9 %
Banque du Rhone	9½ %	■ Samuel Montagu	9 %
Barclays Bank	9 %	■ Morgan Grenfell	9 %
Barnett Christie Ltd.	9½ %	National Westminster	9 %
Bremar Holdings Ltd.	10 %	Norwich General Trust	9 %
Brit. Bank of Mid. East	9 %	P. S. Refson & Co.	9 %
■ Brown Shipley	9 %	Rossminster Accept'cs	9 %
Canada Perm't. Trust	9 %	Royal Bk. Canada Trust	9 %
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	9 %
Cayzer Ltd.	9 %	E. S. Schwab	10½ %
Cedar Holdings	9½ %	Security Trust Co. Ltd.	10 %
■ Charterhouse Japhet	9 %	Shenley Trust	11 %
Choulartons	9 %	Standard Chartered	9 %
C. E. Coates	10 %	Trade Dev. Bank	9 %
Consolidated Credits	9 %	Trustee Savings Bank	9 %
Co-operative Bank	* 9 %	Twentieth Century Bk.	10 %
Corinthian Securities	9 %	United Bank of Kuwait	9 %
Credit Lyonnais	9 %	Whiteaway Laidlaw	9½ %
The Cyprus Popular Bk.	9 %	Williams & Glyn's	9 %
Duncan Lawrie	9 %	Yorkshire Bank	9 %
Eagil Trust	9 %		
English Transcont.	10 %		
First London Secs.	9 %		
First Nat. Fin. Corpn.	11 %		
First Nat. Secs. Ltd.	11 %		
■ Antony Gibbs	9 %		
Greyhound Guaranty	9 %		
Grindlays Bank	‡ 9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1-month deposits 6½%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 6½% and over £25,000 6½%.
‡ Call deposits over £1,000 6%.
§ Demand deposits 6½%.
¶ Rate also applies to Sterling Ind. Securities.

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.
Worldwide Gth Fd | $US24.69 | +0.08 | —

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 23rd May, 1978 (Base 100 at 14.1.77)
Clive Fixed Interest Capital 127.67
Clive Fixed Interest Income 113.51

CORAL INDEX: Close 477-482

INSURANCE BASE RATES

† Property Growth 9½%
† Vanbrugh Guaranteed .... 9 %
† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
375	265	Japan 4pc '10 Ass.	360xd	......	—	—
87	70	Do 6pc '83-88	70	......	6	11.48
160	145	Peru Ass. 3pc	155	......	3	1.95
75p	75p	S.G.I. 6½pc 1980	75	......	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	......	9	9.52
DM83½	DM81	Turin 6½pc 1984	DM81	......	6½	10.70
94	94	Uruguay 3½pc	94	......	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
19½	17	Antofagasta Rly.	19	......	—	—
34	33	Do. 5pc Pref.	33xd	......	—	—
98	98	Chilean Mixed	98	......	3	£3.10
415	350	German Yng. 4½pc.	415#	......	4½	—
54	46	Greek 7pc Ass.	54xd	......	3½	£6.48
51	46	Do 6pc 28 Stab. Ass.	51	......	6	£6.00
44	40	Do 4pc Mixed Ass.	43	......	4	£4.76
55	42	Hung. '24 Ass.	55	......	4½	5.00
77	67	Iceland 6½pc '83-88	67	......		12.80
88	84	Ireland 7½pc '81-83	85	+½	7½	12.31
91	80	Do 9¾pc '91-96	80	−¼	9¾	13.10

AMERICANS

[illegible]

S.E. List Premium 45¾% (based on US$1.8254 per £)
Conversion factor 0.6860 (0.6878)

CANADIANS

[illegible]

S.E. List Premium 45¾% (based on $2.0445 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.
Telephone: 01-248 8000.
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026
INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120
Frankfurt: Im Sachsenlager 13. Telex: 416263 Tel: 555730
Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545
Lisbon: Praca da Alegria 58-1D. Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queens House, Queens Street. Telex 666813 Tel: 061-834 9381
Moscow: Sadovo-Samotechnaya 12-24, Apt. 15. Telex 7900 Tel: 294 3748
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.57.43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7 Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 212634 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440225 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139
Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 554667
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queens House, Queens Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 423025 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

هكذا من الأصل

INDUSTRIALS—Continued

CATERERS

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	185	+5	Q50c	1.3	23.1
24	15	Rhod'n Corp. 16⅔p	16	+1	0.56	7.1	5.3
80	52	Roan Cons. K4	80	.....	—	—	—
175	122	Tanganyika 50p	166	−5	10.00	ϕ	9.5
90	78	Do. Pref. 80p	90	+5	Q9%	16.4	8.0
41	32	Wankie Col. Rh1	36	+1	†Q7½c	1.4	17.8
16½	10	Zam.Cpr.SBD0.24	16½	.....	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	15	.....	—	—	—
132	64	Bougainville 50 Toea	129	+2	Q8c	1.4	3.9
101	63	BH South 50c	95	−2	—	—	—
245	148	Conzinc Riotinto 50c	230	−10	Q10c	2.2	2.7
72	48	G.M. Kalgoorlie $1	53	.....	—	—	—
138	81	Hamptn Areas 5p	132	+1	1.45	4.1	1.7
40	10	Metals Ex. 50c	36	−3	—	—	—
215	125	M.I.M. Hldgs. 50c	209	+2	Q9c	1.7	2.7
59	10	Mount Lyell 25c	36	.....	—	—	—
6½	1½	Newmetal 10c	5½	+¼	—	—	—
122	79	North B. Hill 50c	122	+3	Q8c	1.5	4.0
15½	8½	Nth. Kalgurli	15½	.....	—	—	—
160	117	Oakbridge $A1	160	+2	†Q11c	1.9	4.3
48	30	Pacific Copper	47	−1	—	—	—
£13¾	750	Pancont'l 25c	£13⅝	−⅛	—	—	—
38	12	Paringa M&Ex.5p	36	−2	—	—	—
510	310	Peko-Wallsend 50c	510	.....	Q15c	4.0	1.8
136	84	Westn. Mining 50c	125	−3	‡Q6c	1.4	‡
70	35	Whim Creek 20c	60	−5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	26	.....	†2.51	1.6	14.6
360	240	Ayer Hitam $M1	350	−5	‡Q41⅔c	0.9	‡
60	45	Beralt Tin	55	.....	3.75	4.4	10.8
290	200	Berjuntai $M1	285	.....	‡Q110c	ϕ	‡
145	111	Geevor	137	−3	h4.51	3.4	5.0
10	8½	Gold & Base 12½p	10	.....	—	—	—
290	220	Gopeng Cons	290	.....	15.0	0.9	7.9
165	130	Hongkong	165	.....	—	—	—
93	78	Idris 10p	88	.....	12.0	1.6	21.8
11	10	Jantar 12½p	11	+½	—	—	—
73	68	Kamunting $M0.50	68	.....	2Q15.5c	0.7	4.9
480	450	Killinghall	480	.....	Q125	ϕ	26.0
400	280	Malay Dredging $M1	395	.....	†Q95c	0.8	5.2
70	40	♦Pahang	70	.....	‡Q3.75c	0.5	‡
62	50	Pengkalen 10p	62	.....	6.5	1.3	16.1
210	165	Petaling $M1	210	.....	†Q80c	1.6	8.7
61	49	Saint Piran	54	.....	g1.99	4.6	5.6
61	47	South Crofty 10p	56	.....	b4.13	1.5	11.2
205	140	South Kinta $M0.50	200	.....	‡Q77.8c	1.4	8.4
305	250	Sthn Malayan $M1	300	.....	‡Q131.3c	1.1	9.4
208	134	Sungei Besi $M1	206	.....	—	—	—
75	55	Supreme Corp. $M1	75	.....	ZQ10c	—	2.9
100	85	Tanjong 15p	92	.....	6.5	0.8	10.7
100	74	Tongkah Hrbr. $M1	96	.....	Q56%	1.6	12.7
220	148	Tronoh $M1	210	−5	ZQ88c	1.6	9.0

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
100	70	Messina R0.50	100	.....	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
17	9	Burma Mines 17½p	16	.....	—	—	—
300	220	Cons. Murch. 10c	240	.....	Q30c	2.6	7.5
395	245	Northgate C$1	395	.....	—	—	—
228	164	R.T.Z.	228	+4	9.5	2.8	6.3
46½	30	Sabina Inds. C$1	39	+1	—	—	—
£11⅞	750	Tara Exptn. $1	£11¾	−⅛	—	—	—
45	43	Tehidy Minerals 10p	45	.....	1.33	ϕ	4.5
167	120	Yukon Cons. C$1	167	+2	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	.....
Ash Spinning	45	.....
Bertam	22	.....
Edg'wtr. Est. 50p	270	.....
Clover Croft	22	.....
Craig & Rose £1	420	.....
Dyson (R. A.) A	37	+3
Ellis & McHdy	62	.....
Evans Fr'k. 10p	57ø	.....
Evered	16½	.....
Fife Forge	50	.....
Finlay Pkg. 5p	24	.....
Graig Ship. £1	145	.....
Higsons Brew	82	.....
I.O.M. Stm. £1	150	.....
Holt (Jos.) 25p	265	.....
N'thn. Goldsmith	54	−1
Pearce (C. H.)	155	.....
Peel Mills	20	.....
Sheffield Brick	46xd	.....
Sheff. Refrshmt	52	.....
Sindall (Wm.)	85	.....

IRISH

Conv. 9% '80/82	£90¼	.....
Alliance Gas	73	.....
Arnott	340	.....
Carroll (P.J.)	90	−5
Clondalkin	98	.....
Concrete Prods.	133	.....
Heiton (Hldgs.)	41	.....
Ins. Corp.	148	.....
Irish Ropes	130	+10
Jacob	68	.....
Sunbeam	34	+2
T.M.G.	175	+5
Unidare	90	.....

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¾
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	4	Intreuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday June 2 1978

Takeover approach made to Trust

BY CHRISTINE MOIR

MORE THAN £13m was added *to the market value of Investment* Trust Corporation yesterday after an announcement late *in the afternoon that it* had received an approach from an unnamed bidder.

From an ex-dividend price of 203p, the shares rose to 245p, putting a value on the trust of *£77m. This is £9m short of the* net asset value of £86m (274p per share) declared by the *managers* only last week in figures for the year to May 1.

If the offer goes through, the *corporation will* be the third large investment trust to be taken over in the past year. Both the others were acquired by pension funds of nationalised industries and the market is *expecting* the bidder to emerge from the same stable this time.

Black Diamonds Pensions, a subsidiary of the National Coal Board, first paid £100m for British Investment Trust. It was followed rapidly by the British Rail Pensions Funds, which paid £80m for Edinburgh and Dundee, having lost out to the Prudential in the bidding for Standard Trust at the beginning of the year.

On the basis of the formula thrashed out during these two bids, the market believes that any offer is likely to be close to the net asset value.

Investment Trust Corporation, which is one of the largest of the 15 trusts managed by the Robert Fleming group, has total assets of £93m. This ranks it about 15th in a sector which controls assets of more than £6bn.

A little more than 43 per cent of its investments are in the U.S., while a further 8 per cent are in the Far East. The UK accounts for the balance.

Job-sharing figures 'misleading'

By Christian Tyler, Labour Editor

A DEPARTMENT of Employment assessment of work-sharing as a way of reducing unemployment has been attacked by the trades union research unit at Ruskin College, Oxford, as "inadequate and misleading."

The unit also accuses the Department of falsely claiming that half the cut in the normal working week for manual workers between 1964 and 1966 —from 44 hours to 40—was taken up in extra overtime hours.

The Ruskin paper, which has been sent to the larger trade unions, is a reply to an article in the April Department of Employment Gazette on measures to tackle unemployment.

The Gazette article concluded that the special Government measures were a better recipe than cutting the basic working week or extending holidays. It also said that cutting overtime was "more promising."

British unions, led by the Transport and General Workers, are beginning to join a European campaign for a reduction in the normal working week to 35 hours.

The Ruskin team, which consults the Department's statisticians, is providing much of the unions' statistical ammunition.

Union crusade, Page 22

Ford may receive £100m State aid

BY TERRY DODSWORTH AND ROBIN REEVES

FORD UK may receive almost £100m of Government aid towards the £180m capital investment involved in its plan to establish an engine plant at Bridgend, South Wales.

This is indicated in new Government figures on selective assistance grants which show that the U.S.-owned company has been offered £75m to assist job creation and job preservation mainly in Wales and the north-west region.

The Bridgend plant is expected *to take by far* the largest proportion of this sum, although Ford is not commenting in detail on the figures. In addition, the new factory should be eligible for a further £36m worth of Government assistance under the regional grants scheme, which gives 20 per cent on eligible capital expenditure.

According to the Government, the other main recipient of the *selective assistance finance*, awarded under section 7 of the 1972 Industry Act, will be Ford's plant at Halewood, *Liverpool*.

The company said yesterday that this is to receive an injection of £200m over the next four years as part of the recently announced £1bn investment programme for the group.

Much of this money is expected to be related to the so-called Erica project, which is designed to develop a new, small car and which *will* embrace the Bridgend engine manufacturing project and new production facilities at Halewood.

The assembly, body and paint plants at Halewood, one of the sites earmarked for making the new car, will receive £160m, and another £40m will go into the transmissions plant to create an extension and enable increased production for other Ford factories.

The Erica programme, the most important Ford has launched in *Europe since the development of* the Fiesta, is believed to account for about half of the £1bn the *company is expecting to spend* up to the end of 1981.

All of the £75m selective *assistance made available to the* company is connected with this project and some of the money is expected to spill over into other Ford UK plants at Swansea and Belfast which will be making parts linked with the new car.

Other Government assistance will be available to Ford from training fund schemes and sectoral assistance given under section 8 of the Industry Act — money related to productivity and efficiency rather than jobs as in section 7.

Mr. Terry Beckett, Ford UK's *chairman estimated that the* contribution from the Government towards the whole of the £1bn *investment plan would be in the* region of £150m during the four years.

The formula by which the Government has arrived at the £75m it is offering Ford has not *been publisher. But the general* formula is related to the total cost of a project, including *working capital. For Bridgend*, this is reckoned to be in the region of £250m, including £70m *of working capital.*

Staff cuts plan outlined to British Steel unions

BY ROY HODSON

THE BRITISH STEEL Corporation has presented unions with plans for cuts in white-collar staff and closure of the corporation's Gower Street offices in central London where 400 people are employed.

British Steel's losses last year totalled £440m and losses of *about £400m are forecast for this* year. More than 10,000 shopfloor steelmaking jobs have already *been abolished in a bid to cut* losses. Redundancy payments of up to £17,000 per man have been *made in exceptional cases.*

The corporation intends now to achieve even bigger manning cuts on a percentage basis among white-collar staff in London and provincial steelmaking centres.

Closure of the 15-storey Gower Street offices will mean some redundancies and a redistribution of the remaining staff between the Grosvenor Place headquarters and other BSC offices in Croydon.

The net job loss will be about 180 and the cuts will bite deepest at senior level. More than 10 senior management jobs with salaries above £10,000 a year are to be abolished as part of the streamlining of the London management structure.

Guarantee

Redundancy payments are expected to average £4,000 for a 45-year-old office worker with 20 *years' service. In addition*, British Steel guarantees to make up pay for a limited period if *the redundant worker obtains* new employment at a lower salary.

Moving some of the displaced Gower Street staff to Grosvenor PUlace will increase staff at the head office from 550 to 750. On nationalisation in 1967, British Steel inherited a London office force of 1,650 in 12 separate offices. After the proposed cuts the London staff will be reduced to 950 with further cuts to follow.

The Gower Street building consists of 90,000 ft of modern office acommodation. Built in 1962, it was originally rented as the London offices of the South Wales steel company Richards Thomas and Baldwins.

British Steel expects to save £1m. a year in establishment *costs by the closure and* a further £1m a year in wages. The building will be put on the *market soon and the corporation* is confident of making a good profit by sub-letting.

In a further cut in overheads, British Steel is ceasing publication of its prestige magazine, British Steel, which has appeared quarterly since nationalisation.

Political storm likely in Spain over banking irregularities

BY ROBERT GRAHAM

MADRID, June 1.

SPANISH authorities' efforts to improve banking practice threaten to cause a political *storm and expose serious irregularities* in the system inherited from the Franco era.

A series of cases of alleged illegal export of capital and alleged fraudulent bank management have come to light recently.

Three people, including a former senior board member of a leading family bank, Banca Coca, have been charged with alleged breach of exchange control regulations involving Pta 651m (£4.4m).

Meanwhile, the former chief executive and major shareholder in Banco Cantabrico, one of three small banks to collapse this year, has ben made the subject of a criminal action for alleged fraud, by the Bank of Spain and the 108 other Spanish banks who are shareholders in the corporation formed two months ago to rescue the bank.

The Ministry of Finance is known to be investigating property deals in Malaga carried out by companies alleged to be involved with Banca Coca, which is at present finalising a merger with Banesto, currently Spain's second largest banking group.

Apparently acting on a tip-off, members of the fraud squad arrested three men on May 11 in Madrid: Sr Enrique Minarro Montoya, a former senior board member of Banca Coca, Sr Diego Ferrer Gomez, a customs official, and Sr Antonio Fabregas Mompeo, a businessman.

At the time of arrest, a quantity of peseta notes were discovered and further substantial quantities were later located. The men—who have now been released on bail—were charged with seeking to evade foreign exchange regulations and with the illegal transfer of pesetas abroad.

Bankers divided, Page 3

Liberals spell out terms to Tories

BY RUPERT CORNWELL, LOBBY STAFF

MR. DAVID STEEL, *the Liberal* leader, yesterday publicly spelt out what his party would *demand for backing a minority* Conservative Government should Mrs. Margaret Thatcher fail to *score an outright win in the* General Election.

The tone of Mr. Steel's speech *last night*, which listed four areas where Liberal influence on Tory policy would be crucial, shows that he would be much less comfortable in an alliance with the Conservatives than in a new version of the Lib-Lab pact which is soon to expire.

But it underlines a key element in the strategy his party will employ to fight the election: that if the Liberals hold the balance of power, they would be ready to negotiate with either major party and attempt to remove extremist aspects of its policies: *The four "conditions" he set out* for the first time to constituents in Roxburghshire are:

1—An end to the "confrontation mentality" pressed by "extremists surrounding Mrs. Thatcher" over relations with trades unions. Liberals would support the moderate line of Mr. James Prior, the Shadow Employment Secretary.

2—The National Enterprise Board *and the Scottish and* Welsh Development Boards would not be abolished, nor *would their roles be diminished.*

3—The installation of devolved assemblies in Scotland and Wales, subject to popular approval at referenda. Mr. Steel attacked the disgraceful Tory *retreat from their promises of the* last election manifesto.

4—Protection for immigrants *from the threats of "racialist* inspired nonsense which comes from the uncaring lips of some Conservatives" and which caused grave anxieties.

Encouraged

Senior ministers meanwhile were drawing immense encouragement from the result of the Hamilton by-election where Labour nearly doubled its majority over the Scottish Nationalists from 3,332 to 6,492. The result was hailed by Mr. Ron Hayward the party's general secretary, as "magnificent" and the forerunner of a "substantial Labour victory" at the *General* Election.

Particularly heartening were the findings of a special ORC opinion poll at Hamilton, suggesting that Labour's impressive performance was due both to Britain's improved economic circumstances and to the high public standing of Mr. Callaghan *himself*.

While Mrs. Thatcher was considered a successful leader of the Opposition by 61 per cent of Tory voters and 14 per cent of Labour supporters, the Prime Minister had the approval not only of 90 per cent of his own followers, but 42 per cent of Tory voters.

While clamour for an October poll is growing—reinforced by the latest predictions from the National Institute of Economic and Social Research of harder times ahead—Mr. Callaghan still has the opportunity of using the *outstanding by-elections* at Penistone and Manchester, Moss Side, as a barometer of Labour's *electoral recovery in England.*

The broad choice before the Prime Minister is to hold the two polls in July (a date at the end of this month would not allow the local Labour parties time to organise their campaigns) or hold them over until the autumn and a likely General *Election.*

No decision has yet been taken, but Transport House is pushing ahead with its preparations to allow Mr. Callaghan the option of July. While Penistone is virtually impregnable, Moss Side, in the key Lancashire region, would fall to the Tories on a swing of 6.4 per cent—roughly in line with their most recent by-election victories.

Damaging

But a failure there by the Conservatives would be a severe blow to party morale already sapped by Labour's strong comeback in the opinion polls and by a series of damaging internal leaks.

However, the retreat of the nationalists in Scotland—albeit to Labour's advantage in Hamilton—is deeply pleasing to Tory planners. Mr. Angus Maude, a close advisor of Mrs. Thatcher, forecast yesterday that the Conservatives would regain six seats from the SNP at a general election, to crown its revival north of the border after the low point of October 1974.

Ray Perman writes: The Scottish National Party is likely to harden its tactics for the General Election campaign to concentrate much more on independence and less on its support for devolution.

The party *urgently needs to* learn from its recent setbacks in the Garscadden by-election, the *regional council elections, and* the Hamilton contest, since, if the swing against it cannot be reversed, at least six of the eleven SNP MPs will lose their seats at the general election.

In particular, the SNP will have to escape from the "separatist" tag pinned on it *by Labour during the Hamilton* campaign. One way of doing this would be to explain more carefully the party's policy of independence within the Commonwealth and under the Crown.

Mr. *Stephen Maxwell*, vice-chairman of the party, said: "Whatever we would like to fight the next General Election on, our opponents are obviously going to fight on separatism, so we have got to go out to meet the challenge by explaining what independence means—and, after all, that is what the party was set up to do."

THE RESULTS

G. Robertson (Lab)	18,880
M. Macdonald (SNP)	12,388
A. Scrymgeour (C)	4,818
F. McDiarmid (L)	949
Labour majority	6,492

Poll 72.1 per cent.

Swing to Labour 4.5 per cent.

Support for dollar held at high levels

By John Wyles

NEW YORK, June 1.

INTERVENTION BY the U.S. authorities to support the dollar continued at near-record levels in the three months February to April.

Foreign currency sales by the U.S. Treasury and the Federal Reserve totalled $1.26bn during the period, according to quarterly figures published by the Federal Reserve Bank of New York.

This was not far short of the record $1.5bn spent in the preceding quarter, when the U.S. authorities adopted a more forceful policy aimed at curbing the "disorderly market" for the dollar.

Major swap lines established *with the West German Bundesbank* in early January have been the backbone of the *intervention policy. Total U.S. debt* to the Bundesbank rose from $1.658bn at the start of February to *$2.619bn at the end of April.*

During the quarter the Federal Reserve and the Treasury sold the equivalent of $1.210bn in Deutsche Marks *and $50m in Swiss francs*, drawn on a separate swap line with the Swiss National Bank.

Nervous

Officials at the Federal Reserve Bank of New York feel that stabilisation efforts have had some success, although they acknowledge that foreign exchange dealers are still very *nervous about the future.*

Although the Carter Administration's more vigorous stance *against domestic inflation and* the Federal Reserve Board's credit tightening moves *restored some confidence in the markets*, the $2.9bn trade deficit in April coupled with that month's big rise in consumer prices could put the dollar under fresh pressure.

Overall gross intervention by major central banks totalled $31bn between February and the end of April, compared with $29bn in the preceding quarter, with activity tapering off as the foreign exchange markets settled down during April.

Weak

The dollar was again weak in early European foreign exchange market dealings, after slipping further overnight in Tokyo. But in quiet markets it picked up during the day to end in London at levels close to the previous day's rates.

After touching Y220.75 against the Japanese currency, the dollar recovered to Y221.45 compared to Y221.40 on Wednesday.

The Bank of England was thought to have supported the pound to hold its trade-weighted index steady at 61.4. In late dealings sterling slipped against the dollar to end with a loss of 65 points at $1.8265.

U.S. economic index up, Page 4

Yen strong, Page 5

Continued from Page 1

U.S. protests

than leaving each of the participants to take individual measures.

France, Germany, Italy, Canada, Japan, the U.S. and UK will attend the summit.

Details of the American *contribution are still being worked out* in Washington. Mr. Callaghan told Mr. Blumenthal, however, *that he considered that* steps by President Carter to implement an energy programme would be an *essential ingredient of the summit's* success.

Progress on energy could *come either through* Congressional approval of President Carter's existing energy proposals or through *independent* presidential action. The UK would also like to see US action to promote growth and curb inflation.

Meanwhile, British officials were at pains to play down suggestions that remarks made by Mr. Callaghan at a Press conference here yesterday had been intended as an attack on US policy on Africa.

Mr. Callaghan spoke of "new Christopher Columbuses setting out from the U.S. to discover Africa for the first time."

Today, it was stressed, that Mr. Callaghan's message that the West should not react over-*hastily to Soviet and Cuban* intervention in Africa had been well received, both by President Carter and other heads of Government attending this week's NATO summit here.

Officials here say it is now increasingly likely that France will make detailed proposals for an African peace-keeping force to police Zaire's Shaba Province at Monday's five-nation meeting in Paris on aid to Zaire.

After first reacting to the idea with a distinct lack of enthusiasm, the UK is now ready to consider requests for back-up support for such a force, as is the U.S.

THE LEX COLUMN

Cracking BP's net income code

Buried beneath BP's accounting systems are some oil company results waiting to get out. The oil analysts spent a hot afternoon trying to derive clear meaning from the group's *reported net income figure of* £80.6m for the first quarter, but by and large they failed. The main complaint was that BP has given no indication of the corporation tax which is no longer charged under its new ED 19 reporting method. Since, last year, the uncharged tax varied on a quarterly basis from £54.3m at one extreme to £3.6m at the other it is hard to be sure what is happening on an underlying level, and it could be that the failure of BP to reach the £90m or so generally hoped for simply reflected tax fluctuations. At any rate, despite a markdown on the *news, the shares* finished 2p higher on the day at 878p.

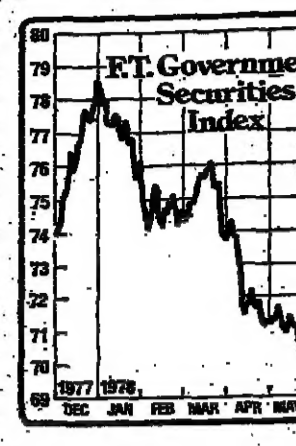
Comparison with the first quarter last year, when net income was an adjusted £144.8m, is unrewarding given the large stock profits then included (while January-March this year suffered *small* stock losses). The latest figures appear to mark a recovery from the rock bottom £43.9m of October-December last year, but here again great care is needed for most of the advance reflects exchange movements which, *thanks to the weakness* of sterling in March, swung from strongly negative to modestly favourable for the latest quarter. On trading itself, the clues are only that European oil operations improved in most countries, but worsened in France, while Forties income fell back because there was no repeat of the stock rundown of the previous quarter; in the U.S., Sohio (still for the time being unconsolidated) was somewhat disappointing, but there was a first time positive contribution from the Trans Alaska pipeline.

The question now is how strongly the U.S. interests will show up in the later quarters. *Net income estimates for the* full year range widely from £450m. to £600m. on the ED 19 basis (say 120p to 150p a share). For the moment, however, Wall Street is a more important influence on the price.

ITC

The investment trust sector has been going through a lull since the success of the bids *for Edinburgh and Dundee and* British Investment Trust late last year. But it was only a matter of time before someone else tried a similar move. This time the selected *target* is the Investment Trust Corporation—net asset value £86m—from the Robert Fleming stable which has received an approach. The predator is striking right at the heart of the investment trust community. But there are no further details at this stage.

Index fell 0.6 to 478.2



The last two big takeovers have more or less set the terms for further bids in the sector. The average *discount* for all investment trusts, according to Laing and Cruickshank, is now about 28½ per cent. Pre-bid ITC was at a 27 per cent discount, *leaving room for takeover terms* to look attractive to shareholders. The offer ought not to be far off ITC's 279p a share estimated net asset value.

The criteria so far for such bids have been that the trust should be big—ITC is one of the top 20—and not protected by any substantial cross holdings. ITC *appears to fulfil both* requirements. So the second open season for investment trust bids seems about to begin.

UBM

UBM may well be the jewel in the crown of Equity Capital for Industry but a 34 per cent increase in pre-tax profits is hardly a glittering performance. Pre-tax profits of £3.6m are still less than half the level of 1974 although turnover has risen by over 50 per cent in the intervening period. For the first time in four years the dividend has been increased—by 2 per cent—but cover has slipped to 1.2 times and retained earnings are a *seventh lower.*

Bad weather and labour troubles depressed profits by, say, £0.5m, but even so the traditional builders' merchant business, which accounts for around two-thirds of group profits, showed only a marginal *underlying improvement.* If it had not been for a £0.5m reduction in the interest charge the outcome would have been even lower.

Fortunately, UBM's *expansion* overseas (principally in Dubai) and in the UK motor trade is paying off handsomely — the group's long term objective is to have two-thirds of its profits coming from its non-building side. In the short term, however, it is tied very much to the UK building and maintenance cycle and here there are at last signs of an upturn. Since the volume of business going through its builders' merchant outlets is 40 per cent down on the peak of four years ago any volume growth should show through quickly in UBM's profits. But it will also put pressure on the group's working capital—hence last year's call on ECI. At 72p the shares yield 8.8 per cent.

Gilts

The shadows overhanging the gilt-edged market show little sign of disappearing. Yesterday prices of both short and long-dated stock fell by up to ½ of a point and the FT Government Securities index hit a new 1978 low. Apart from inflation worries the fact that the NIESR had tucked away a DCE forecast of £7.9bn for 1978-79 was not good for the market's morale. In the short term, moreover, there is increasing unease about the role in the market of the building societies and to a lesser extent the savings banks. In 1977 they invested a net £1.2bn together in gilt-edged (more than the pension funds) as their deposits rose rapidly.

However, there are signs that both the savings banks and the building societies are becoming significant net sellers. Compared with last October, when the building societies were attracting close to £600m per month, the inflow has dropped to around £150m and with advances running at £750m a month the building societies, at least, are running down their liquidity and this includes selling some of the £3bn of gilts in their portfolios.

Weather

MOSTLY dry with isolated showers.

London, E. Anglia, S.E. Cent. S.E., Cent. N., N.E. England, Midlands, Channel Islands, Borders.
Dry, sunny. Max. 24C (75F).

S.W., N.W. England, Wales, Lakes.
Dry, sunny. Max. 22C (72F).

Isle of Man, S.W., N.W. Scotland, N. Ireland.
Cloudy, occasional rain. Max. 17C (63F).

Cent. Highlands, N.E. Scotland.
Dry, rain later. Max. 17C to 20C (63F to 68F).

Orkney, Shetland.
Dry, sunny. Max. 15C (59F).

Outlook: Sunny, some thundery showers.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstdm.	S	27	81	Luxemb'g	S	24	75
Athens	C	23	73	Madrid	F	23	73
Bahrain	C	34	93	Manchester	S	28	82
Barcelona	F	21	70	Melbourne	C	11	52
Beirut	F	22	73	Milan	S	24	75
Belfast	S	23	73	Montreal	S	18	64
Belgrade	S	25	77	Moscow	F	18	64
Berlin	S	28	82	Munich	S	22	72
Brmghm.	C	24	75	Newcastle	S	23	73
Bristol	S	24	75	New York	S	24	75
Brussels	S	27	81	Oslo	S	25	77
Budapest	F	25	77	Paris	F	24	75
B. Aires	S	11	52	Perth	C	20	68
Cairo	S	30	86	Prague	S	24	75
Cardiff	S	20	68	Reykjavik	C	8	46
Chicago	S	27	81	Rio de J'o	C	26	80
Cologne	S	27	81	Rome	S	22	72
Copnhagn.	S	27	81	Singapore	S	30	87
Dublin	S	18	64	Stockholm	S	26	79
Edinburgh	S	19	66	Strasbrg.	S	25	77
Frankfurt	S	27	81	Sydney	R	15	59
Geneva	S	21	70	Tehran	S	26	78
Glasgow	S	23	73	Tel Aviv	C	24	75
Helsinki	S	23	73	Tokyo	S	27	81
H. Kong	C	28	82	Toronto	C	15	59
Jo'burg	S	26	78	Vienna	S	24	75
Lisbon	S	23	73	Warsaw	S	24	75
London	Th	24	75	Zurich	S	21	70

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	21	70	Las Plms.	S	22	72
Algiers	C	20	68	Locarno	F	23	73
Biarritz	F	26	79	Majorca	S	24	75
Blackpool	S	23	73	Malaga	S	21	70
Bordeaux	F	24	75	Malta	S	24	75
Boulogne	S	18	64	Nairobi	S	24	75
Casablnca.	S	20	68	Naples	S	23	73
Cape Town	C	19	66	Nice	F	22	72
Corfu	S	24	75	Nicosia	F	23	73
Dubrovnik	S	23	73	Oporto	C	18	64
Faro	S	24	75	Rhodes	S	24	75
Florence	F	23	73	Salzburg	S	25	77
Gibraltar	S	21	70	Tangier	S	25	77
Guernsey	S	19	66	Tenerife	S	20	68
Innsbruck	S	25	77	Tunis	F	25	77
Inverness	S	20	68	Valencia	F	23	73
Isle of Man	S	19	66	Venice	S	25	77
Jersey	S	16	61				

S—Sunny. F—Fair. C—Cloudy. Th—Thunderstorm. R—Rain.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London ...